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Investigating the Sustainability of Kesko's Grocery Supply Chain: Comparison and Recommendation for Grocery Supply Chain in Vietnam

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Thesis abstract

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This thesis aims to investigate Kesko's grocery supply chain and find out sustainable practices along it. The main objectives of the thesis is to compare Kesko's sustainable supply chain practices with Vietnamese grocery retailers' and through which draw out a set of recommendation for the latter.

The literature review revisits related terms and concepts, which are retail, supply chain management, sustainability and sustainable supply chain management (SSCM). Also in this part, a SSCM framework is introduced and some sustainability challenges of retails are addressed.

The empirical research presents two case studies: Kesko's food retailing chain in Finland and T&T 159 on the Vietnamese counterpart. The data is collected by the author's participant observation and semi-structure interview with personnel of each case company.

While Kesko has a wide net of retailers in Finland and has earned its reputation by product's quality and safety, T&T 159 is gradually building its image of a responsible retailers. By realizing market situations and learning from good practices, T&T 159 could make remarkable presence in Vietnam's blooming retailing market.

Differences in market situation and consumer behaviors have led to the differences between the two companies. However, T&T 159 can learn from the study how Kesko actualizes its commitment to sustainability in practice, and influences customer's perception.

Keywords: retail, grocery retail, sustainability, supply chain

TABLE OF CONTENTS

Thesis abstract.....	2
TABLE OF CONTENTS	3
Terms and Abbreviations.....	5
Tables, Figures and Pictures	7
Special Symbols.....	9
1 INTRODUCTION	10
1.1 Research purpose.....	10
1.2 Research limitations.....	11
1.3 Research methods and resources	12
2 RETAIL BUSINESS AND SUSTAINABLE SUPPLY CHAIN	
MANAGEMENT	14
2.1 Retail.....	14
2.1.1 Retail definition	14
2.1.2 Retail categorizing	15
2.1.3 Food retailer.....	17
2.2 Supply chain management.....	18
2.2.1 History of SCM.....	18
2.2.2 Supply chain and SCM	21
2.2.3 SCM competencies.....	23
2.2.4 Food supply chain.....	24
2.3 Sustainability	25
2.3.1 Sustainable development definition	25
2.3.2 The three-pillar framework	26
2.3.3 Corporate social responsibility	29
2.3.4 Risk management.....	32
2.4 Sustainable Supply Chain Management	32
2.4.1 Definition.....	33
2.4.2 Framework.....	33
2.5 Retail's sustainability challenges.....	36

3 RESEARCH ENVIRONMENT	38
3.1 Finland	38
3.1.1 Finland's grocery retailing market	39
3.1.2 Finnish consumer's behaviors and awareness	41
3.2 Vietnam	43
3.2.1 Vietnam's grocery retailing market.....	44
3.2.2 Vietnamese consumer's behaviors and awareness	46
4 EMPIRICAL RESEARCH	48
4.1 Research process	48
4.2 Case study	50
4.2.1 Kesko's food retailing chain	50
4.2.2 T&T 159's organic food retailing chain.....	53
4.3 Data collection and findings	54
4.3.1 Orientation (dedication to SCM and TBL)	55
4.3.2 Supply chain continuity	56
4.3.3 Collaboration.....	57
4.3.4 Risk management.....	59
4.3.5 Proactivity	62
4.4 Results and recommendations.....	63
5 CONCLUSION AND SUMMARY	68
5.1 Usefulness of the recommendations	68
5.2 Reliability.....	69
5.3 Validity	69
5.4 Reflection	70
5.5 Future research.....	71
BIBLIOGRAPHY.....	72
APPENDICES	78

Terms and Abbreviations

ASEAN	Association of Southeast Asian Nations
BSCI	Business Social Compliance Initiative
COSO-ERM	Enterprise Risk Management (ERM) is an Integrated Framework published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. It defines essential ERM components, suggests a common ERM language and provides clear direction and guidance for enterprise risk management.
CRM	Customer Relationship Management
EU	European Union
ERP	Enterprise Resource Planning
FDI	Foreign Direct Investment
FMCG	Fast moving consumer goods
GDP	Gross Domestic Products
HoReCa	Hotel/Restaurant/Café
ILO	International Labor Organization
ISO 14000	a family of standards related to environmental management
ISO 22000	a food safety management system that can be applied to any organization in the food chain, from farm to fork
ISO 31000	a risk management standard
IT	Information Technology
JIT	Just-in-time

ODA	Official Development Assistance
RFID	Radio-frequency Identification
SCM	Supply Chain Management
SSCM	Sustainable Supply Chain Management
SD	Sustainable Development
SKU	Stock Keeping Unit
SSCM	Sustainable Supply Chain Management
TBL	Triple Bottom Line
TPP	Trans-Pacific Partnership
Wet market	A retail outlet which sell fresh meat and fresh produce from small and medium local households
WTO	World Trade Organization

Tables, Figures and Pictures

Figure 1. Distribution channel.	15
Figure 2. The evolution of the integrated supply chain (Mangan, Lalwani, Butcher & Javadpour 2012, 11).	20
Figure 3. The supply chain and its flows (Mangan, Lalwani, Butcher & Javadpour 2012, 11).	22
Figure 4. Supply chain management competencies (Ross 2011, 23).	24
Figure 5. Three dimensions of sustainability (Barbier, 1987, according to Laasch and Conaway 2014, 61).	27
Figure 6. Three dimensions of sustainability (UN World Summit 2005, according to Laasch and Conaway 2014, 62).	27
Figure 7. Three dimensions of sustainability (Laasch and Conaway 2014, 62). ...	28
Figure 8. The pyramid of CSR (Carroll 1991, 42, according to Carroll & Buchholtz 2003, 40).	30
Figure 9. Triple Bottom Line (Parboteeah and Cullen 2013, 527).	31
Figure 10. Sustainable supply chain management categories and practices (Beske & Seuring 2014, 324).	34
Figure 11. The correlation between world's output and human welfare (according to Meadows, Randers & Meadows 2004).	36
Figure 12. Finnish grocery trade market share in 2015 (Finnish Grocery Trade Association 2016, 6 according to Nielsen Finland OY).	40
Figure 13. Vietnamese grocery market by outlet numbers in 2013 (according to Deloitte 2014, 13).	45
Figure 14. Kesko's business models (Corporate Responsibility Report 2013, 13).	51

Figure 15. T&T 159 Group's structure.....	53
Figure 16. Kesko's logistics system (Keränen, n.a)	58
Figure 17. BSCI auditing process (kesko.fi, [Ref. 14 August 2016]).	61
Table 1. Advantages and disadvantages of the research methods.....	13
Table 2. General information about Finland (statistics as of 2015 according to stat.fi, [Ref. 26 July 2016]).	38
Table 3. General information about Vietnam (statistics as of 2015 according to IMF.org, [Ref. 31 July 2016] and indexmundi.com, [Ref. 31 July 2016]).	43

Special Symbols

€	Euro (currency)
\$	US Dollar (currency)

1 INTRODUCTION

Since the early days of its independence in 1945, Vietnam has established a deep-rooted grocery retail market. As the wave of globalization and FDI swept by, supermarkets and hypermarkets are gradually substituting traditional markets or “wet markets” nationwide as a more convenient and reliable way to shop. However, recent news have raised public concern about product’s origin, food hygiene, farmer-buyer relationship as well as social responsibilities of these retailers. As the path of produce from farms to customers involves several intermediates, food retailers in Vietnam meet many obstacles as well as complexity in managing along their supply chain. The lack of knowledge and experience of them in sustainable supply chain management (SSCM) thus addresses the need for a serious study and a useful applicable set of recommendations.

Finland, on the other hand, has a young but well-developed retail market. Complying with European Commission standards and government’s strict rules and having customers with strong knowledge base, grocery retailers in Finland have been performing well and grocery trade has been recognized as industry with the highest level of social responsibility in a 2012 survey (Finnish Grocery Trade Association 2013, 4). Currently the second biggest grocery retailer in Finland and ranked in the top 10 Sustainable Brand Index 2016, Kesko has realized the importance of sustainable supply chain management (SSCM). With its unique vertical retailer structure, Kesko enables its retailer an extent of autonomy but uniforms them under certain rules and Kesko’s SSCM efforts thus is impressive and helpful to learn from.

1.1 Research purpose

In the light of this premise, the purpose of this thesis is to examine the sustainability of Kesko’s grocery supply chain, through which compare to Vietnamese grocery retailer’s supply chain and point out feasible recommendations for the latter.

In particular, the author would like to provide two case studies from Kesko Finland and T&T 159, an organic grocery chain in Vietnam. Kesko is a well-positioned grocery retailer in Finland and has been practicing sustainability along its supply chain

for a long time. T&T 159, on another hand, is recently founded in Vietnam, seeking to build its image as a reliable and green grocery retailer and initially engaging sustainable supply chain management (SSCM) into its business. Learning from Kesko's practice, the author wants to compare with current practice in Vietnam, in which T&T 159 is a representative, and draws out feasible recommendation for T&T 159 as well as any business which wants to go "sustainable" in the grocery retailing sector in Vietnam.

The thesis will review relevant literature in SSCM and answer these following questions:

- How does Kesko manage sustainable supply chain management (SSCM) along its grocery chain?
- How does SSCM benefit Kesko's grocery chain?
- How have Vietnamese retailers been implementing SSCM?
- Which improvements should be done to enhance Vietnamese retailers' SSCM?

1.2 Research limitations

In Finland's grocery retailing sector, Kesko group is now operating three types of chain: K-citymarket (a hyper-supermarket with combined department store), K-supermarkets, K-market (equivalent to convenient stores) and others. For the ease of collecting and processing data, as well as for the parallel of research objectives, the author chooses to study a K-supermarket and focus on its grocery sector.

On the Vietnam side, among numerous grocery retail chain the author choose T&T 159 because it is newly established, sustainability-oriented and has been developing a supply chain management system. Along with consumer's growing concern and awareness about food safety and food quality, organic food is an emerging niche in Vietnamese grocery retailing market and T&T 159 is one of the very few notable player. The brand controls its meat and poultry production from the early stages of breeding and raising and limits its suppliers to a small number in order to keep track of input quality.

1.3 Research methods and resources

According to Gummesson (2000, 3), case study research under qualitative method provides in-depth understanding of how changes are made and prevails over quantitative method in the study of processes. For a multidisciplinary topic like this, the author finds qualitative method through case study is best suited for her thesis topic. The data is collected using participant observation and one-to-one interview.

According to Saunders, Lewis and Thornhill (2012, 378-380), semi-structured and in-depth interviews will assist the research study in many ways. Some are given as following:

- The author is able to delve into the reasons for the participant's decisions, attitudes and opinions; or to get further explanation from them.
- The interviewees have chance to open up their idea and give more feedback and information than in completing a questionnaire.
- The questions are complex or open-ended.

This explains why the author chooses semi-structured interview to learn more about food retailers' sustainable supply chain management activities in Vietnam and Finland. She is aware that one-to-one interview cannot avoid some drawbacks as personal bias, the difficulty in approaching target participants or confidentiality assurance for the firm. Thus, the criteria used in selection has to be clarified ahead of all, as the participant has to fit in the following requirements:

- (1) Be a personnel of Kesko or a grocery retailer in Vietnam,
- (2) Understand the firm's supply chain and procedures along it,
- (3) Be objective, helpful and cooperative.

As the thesis is first of all to assess SSCM in Kesko's grocery retailing chain, a one-to-one interview will be organized with a Kesko staff, who is in charge of and understands the store's processes. Another interview with a retailer in Vietnam is also conducted to compare with Kesko's. Here the author has fortunately found Mr. Manh Do, the manager of the recently founded grocery chain T&T 159 in Vietnam, who is eager to share about his SSCM practice and learn more from other developed models. These interviewees are reached through the author's network of acquaintance.

They have not known the interviewer before but understand their job and are willing to give their objective answers.

Participant observation also helps enrich the research data. Indeed, having the advantage of leaving between the two countries, the author has chance to do grocery shopping in both places and can observe retailing activities as well as share her real life experience as a normal customer. However, a down side of this method which she needs to keep reminding herself of is personal bias. She has to carefully sort out and filter the data for the most relevant information.

Advantages and disadvantages of the research method will be summed up in the table below:

	Advantages	Disadvantages
Participant observation	Providing real experience and useful, authentic data	Time consuming, personal bias
One-to-one interview	Getting in-depth knowledge of the processes	Geographical limitation, confidentiality assurance

Table 1. Advantages and disadvantages of the research methods.

Other resources for the research are books, scientific papers, articles and online sources.

2 RETAIL BUSINESS AND SUSTAINABLE SUPPLY CHAIN MANAGEMENT

As the central of this thesis revolves around sustainability in retailers, basic understanding of related terminology is necessary. Besides, literature in the field of sustainable supply chain management will be reviewed and discussed to provide a concrete theoretical framework, on which the research will be base.

2.1 Retail

The concept of retail has encompassed many industries and covered a wide range of products and services.

2.1.1 Retail definition

The word “retailing” is borrowed from the French word “retailer”, which means “a piece of” or “to cut up” (Brown, 1992, according to Gilbert, 2003, 7). There comes many different approaches and definitions to understand retailing, one of them was given by Gilbert (2003, 6) as “any business that directs its marketing efforts towards satisfying the final customer based upon the organization of selling goods and services as a means of distribution”.

Levy and Weitz (2011, 9) defines retailing in another way as “the set of business activities that adds value to the products and services sold to consumers for their personal or family use”.

However different the wording is, both definitions share common characteristics of retailing, which are to sell goods and services, serving to final customer and performing a set of actions to meet these. These characteristics differs retailing from wholesaling that while wholesaling sells goods and services to business customers as an intermediate stage, retailing sells goods and services to final customers for their personal use. In another sense, a business regardless manufacturer, wholesaler or retailer; is considered doing retailing once it delivers goods and services to final customers.

Along the distribution channel, retailing is the final stage before product or service can reach end-user customers, bridging manufacturer to customer as illustrated in Figure 1 below:



Figure 1. Distribution channel.

Under the scope of this thesis, the author looks particularly into retailers, who, according to Kotler (2000, 520), is “any business enterprise whose sales volume comes primarily from retailing”. Enterprises do retailing by person, mail, telephone, vending machine or internet and could reach customers in store, on the street or at their place. No matter the method or place being exploited, Levy & Weitz (1998, 8-9) found that retailers perform their value adding activities by:

- (1) Offering assortments of products, so that customers can choose from a wide variety of brands, sizes, colors or prices at one place;
- (2) Breaking bulk, retailers take a smaller quantity of products from wholesalers basing on consumers’ demands and shopping pattern;
- (3) Holding inventory, to keep products available whenever customers need;
- (4) Providing services, to assist customers in the process of selecting, buying and using products.

Because of its high interactivity with customer, retailers have to pay attention to customer relationship management and keep updated with the latest trend in the industry to maintain their stand in the harsh competition. To understand a retail market, it is necessary to learn about the market’s current situation as well as customer’s behavior and awareness.

2.1.2 Retail categorizing

There are many criteria to categorize retailers, such as by products or services, ownership, number of outlets, level of services, pricing strategy, size of shop, location, etc. Dhotre (2010, 105-115) has listed many criteria, some important ones are:

By the products or services, food retailers, car retailers, clothing stores are some representatives of product retailers. Service retailers could be bank, doctor, travel agency, etc.

By ownership, there are independent retailer, chain store, manufacturer owned outlet and franchise outlet. Independent retailer could be a proprietor, one or two partners or a family who owns of one or many store but not belong to any chain or retail organization. Chain store is a group of retail store opened and run by a single corporate organization. Manufacturer outlet (could be company showroom or factory outlet as well) is operated by the manufacturer, for example, Nike factory outlet or Volkswagen auto showroom. Franchisees are a number of retailers authorized by manufacturer, who set the rules and regulations for franchisees to follow and collect profit from selling store patent/concept.

By variety of product sold, there are department store, which offer different departments of different types of products; specialty store, which offers a specific category of the product; and, variety store, which offer all-under-one-roof experience for customers by selling a wide variety of product mix.

By level of services, there are self-service, limited service and full services retailer. In self-service store, as most supermarkets, customers can find the product of their choice, compare between many options and choose what they want to buy in their own pace without interference of store staffs. Limited service retailers may provide customers with more information and assist them in the purchasing process. Full service stores offer customer full assistance from the moment they walk in to after-sales service, as in personal shopping service or car buying.

By mode of operation, there are store retailers and non-store retailers.

By shop size, there are corner stores, department store, supermarket, hypermarket, mega marts, etc.

The emergence of technology and expansion of retail have added many new retailing channels such as internet shopping, tele-selling or television shopping. Thus, a broader classification which can fit all retail types distinguishes among store retailers, non-store retailers and organized retailing. The first two have been introduced above. Corporate chain, franchisor, merchandising conglomerate, consumer cooperative fall into organized retailing.

2.1.3 Food retailer

Since this thesis will delve into the food retailing industry, some knowledge about food retailers are worth considering.

Dani (2015, 4) enlists retailers and distributors at the near-end stage of the food supply chain and adds that food product can be showcased to customers through retailers in the form of corner shop or supermarkets and hypermarkets that deal with plenty of stock keeping units (SKU).

As any retail business, food retailers also share the general characteristic as mentioned above, which is to sell product (food) to final customers with value adding activities. In particular, food retailers provide product assortments in the type of fresh and processed products (packaged food and beverage) as categorized by Euromonitor. They purchase products in great bulk from wholesaler, manufacturer or directly from farms, and break in smaller quantity to sell to customers. Their inventory holding activities include store housing, screening expired products and refilling stock. As most food retailers operate in the form of supermarkets or hypermarkets, the level of service is limited to self-serving. Customers can select products on their own preference and need little assistance from retailers' staffs.

Food product's difference on the other hand distinguishes food retailers to retailers in general. First of all, as food is a necessity goods, food retailers need to focus on availability and accessibility. This means that number of store in the neighborhood as well as stock available in every store is crucial. Oliver Wyman (2012, 2) points out that food retailers' out-of-stocks can cost more than 5% of total sales, result in customers dissatisfaction, and consequently cause a long-term effect. USDA (2009,

83-91) has found a strong correlation between store location and economic performance. It concluded that consumer behavior and demand side issues (lack of nutrition knowledge or food retailer behaviors), and supply side issues (different fixed cost in operating for developing a new store in underserved areas) can affect the types of food offered and location of stores that offer them. Food retailers thus have to carefully consider market's socio-demography besides balancing financial benefit.

Secondly, food is a highly-regulated product. According to Pullman and Wu (2012, 123-138), since consumers find food that match their social and environmental values, governments, nonprofits and industry leaders are responding with certification schemes, regulations and eco-labels. These mechanism take into account all aspects related to food product like food safety, animal handling practices, labor treatment, or supply chain problems. Nutrient value, environmental effect, farmer justice and brand recognition are also included. From Global Food Safety Resource website, food retailers can find plenty of industry standards as well as country regulation that they have to meet.

2.2 Supply chain management

In this section, the author is going to revisit the establishment of supply chain management (SCM), dig in different definitions of SCM, explain the drivers behind it and propose key concepts to understand SCM.

2.2.1 History of SCM

It is necessary to know that SCM is a young field of management study, which was developed from and associated with logistics management in the past few decades. The emergence of SCM could be described in 5 stages (Ross 2011, 6-11):

Stage 1 to 1960s: Back to the first half of the 20th century, enterprises' main problem was to connecting manufacturing sites to the distribution system. The further the

distance, the more difficulties and complexity they met to manage participants involving in the movement of goods. As a result, company chose to resort on rather running their internal system smoothly and maintaining the flow in proximity to secure margin. Logistics stepped in and basically solved the problem of goods movement from the point of supply to the point of need. Company which managed and exploited logistics thoroughly in their system could foresee its benefit of cost saving, marketplace expansion, and eventually profit. Logistics at this point was still costly, decentralized, and attached to company's sales, marketing and accounting departments separately. The urge to expand and cooperate went further, prompting companies to look for more concrete partnership.

Stage 2 to 1980s: It was not until the 1970s, when the energy and economic crises crashed in, that companies realized the needs for logistics centralization. The events had pushed up logistics cost, while competition was harsher and product lines were increasingly diversified. Company saw that delivering in time, obsolescence planning and inventory managing were more than ever crucial. Backing up by computerization, such concepts as marketing, pricing and promotion were linked together and necessitated by computer, at the same time logistics was centralized and engaged in just in time (JIT), quality management as well as customer services

Stage 3 to 1990s: During the 1980s, the initial concept of physical distribution management from the early days was developed into integrated logistics. The term "supply chain management" was allegedly first introduced during this time in a scientific paper by Houlihan (1985) and Jones and Riley (1985) (according to Ullrich 2014, 5). However, it was merely a concept rather than an independent management area as in the coming time.

Companies initially recognized competency in managing their supply channels. They expanded to look "outward" and found opportunities in foreign markets. The innovation of internet set foot for this so-called "electronic" era and enabled business partners to communicate in mutual platform such as intranet. The milestone generated a breakthrough in business management as company could then ease the burden of paperwork, data management and information sharing. Internal processes were also digitalized and partners had new platforms to work on. Eventually, supply

chain management was developed into a separate research area which also covers logistics management, procurement and many other fields.

Stage 4 to 2000: The mid-90s marked the wave of globalization adding to the rising of customer power, organizational restructuring and outsourcing and the invasion of information technology (IT) in all aspects of life. Integrated logistics at this time evolved into product chain and delivery suppliers. Companies perceived that by enhancing their partners' competencies and resources, they could seize more market opportunities. Ross (2011, 8) put it in another way that sustainable competitive advantage could be achieved by "optimizing and synchronizing the productive competencies of each channel trading partner to realize entirely new level of customer value". This movement would not be actualized without the hand of technologies, as by then information could be passed along the supply chain and the channel systems can handle customer demand and inventory accordingly.

Stage 5 to present: IT enabled SCM has become a powerful strategy at this stage. Logistics and business functions are well combined and incorporated to unify trading partners into supply chain systems. An example of this combination is enterprise resource planning (ERP) in integrating procurement, warehousing and logistics, or customer relationship management (CRM) in integrating marketing, sales and logistics. Ultimately, the birth of e-business indicates a new level of the integration between SCM and technologies when the enterprise and the whole supply network go "virtual", optimizing resources independently on space and time to meet market demands.

The integrated supply chain evolution are illustrated in figure 2 below:

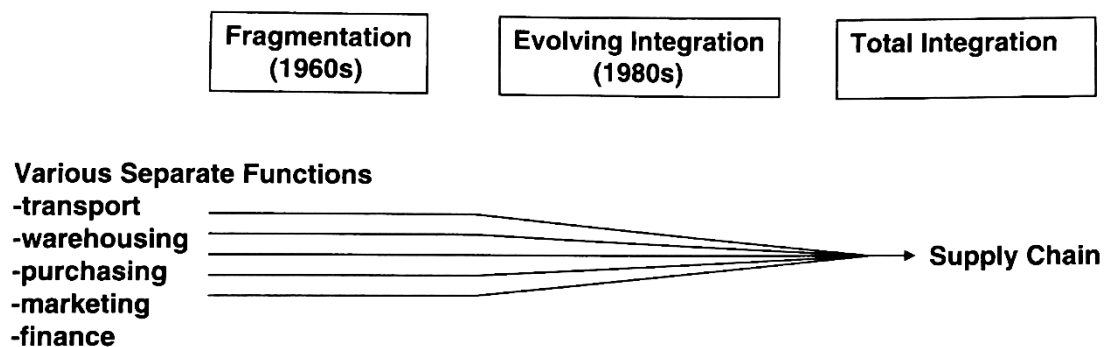


Figure 2. The evolution of the integrated supply chain (Mangan, Lalwani, Butcher & Javadpour 2012, 11).

To sum up, the history of SCM was remarkable from the late 20th century and is continuously moving thanks to the robust information and technology revolution. Recent IT trends like Big Data or electronic pocket promise to multiply SCM's potentials in foreseeable future.

2.2.2 Supply chain and SCM

Chopra and Meindl (2016, 13) simply puts that “a supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer request”. Crandall, Crandall & Chen (2010, 3) gives more details that participants of a supply chain perform a sequence of activities in moving physical goods or services from a point of origin to a point of consumption. These definitions, while providing a general understand of supply chain, are lack of depth as being either too demand-end focal or leaving out the importance of integration in a supply chain.

Stevenson (2009, 511) and Mangan, Lalwani, Butcher and Javadpour (2012, 10-11) both agree that a supply chain is a series of organizations that are involved in producing and delivering a product or a service to the ultimate customers. The former, from an operational perspective, describes these organizations as facilities (warehouse, factories, processing center, distribution center, retail outlets and offices) and function and activities (forecasting, purchasing, inventory management, quality assurance, scheduling, production, distribution, delivery, and customer services). As mentioned previously, supply chain, enabled by technology, has gone far beyond physical facilities and can exist virtually, for instance, as an e-business. The latter's indication that supply chain's network involves upstream (supplier of the supply chain) and downstream (customer end of the supply chain) linkages in different processes and activities is more general and applicable in current context. From this point of view, a supply chain contains three types of flows (see figure 3):

- Physical flows of materials
- Information flows
- Resources (most importantly finance, but could also be people and equipment).

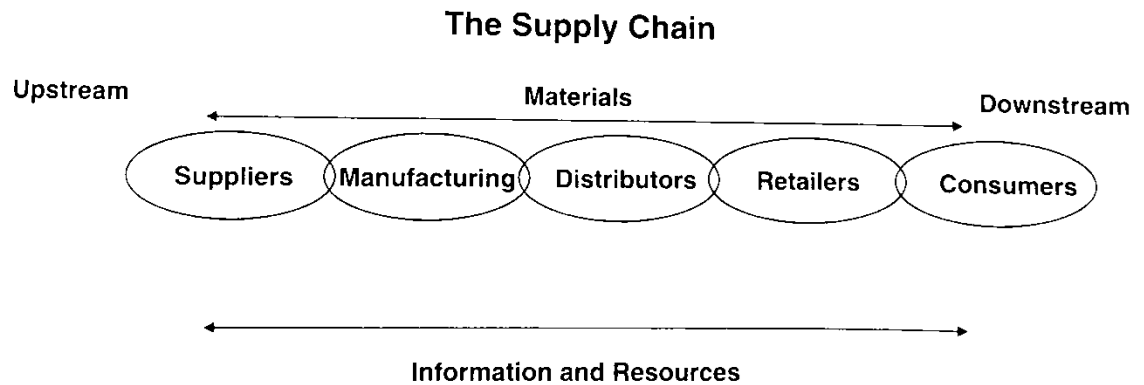


Figure 3. The supply chain and its flows (Mangan, Lalwani, Butcher & Javadpour 2012, 11).

As also can be seen from Figure 3, the study of supply chain is cross-functional and cross-company. As a result, there are many approaches to term with supply chain management. Since its first appearance in 1985, many researchers have redefined SCM with adjustment to current context and no definition is proved to be absolute.

From an operational strategic view, Heizer and Render (2006, 432) and Stevenson (2009, 512) emphasize on the coordination of functions and activities within the business organizations in order to integrate supply and demand ends. A business organization can be part of one or many supply chain.

Putting under the context of today technology level, Ross (2011, 17) redefines supply chain management as:

“A strategic channel management philosophy composed of the continuous regeneration of networks of businesses integrated together through information technologies and empowered to execute superlative, customer-winning value at the lowest cost through the digital, real-time synchronization of products and services, vital marketplace information, and logistics delivery capabilities with demand priorities”.

In more details, the Council of Supply Chain Management Professionals ([Ref. 10 May 2016]) defines supply chain management as following:

“Supply chain management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers, and customers. In

essence, supply chain management integrates supply and demand management within across companies”.

This definition has covered all the activities included in supply chain management and has not left out any component within a supply chain.

In another way, supply chain management deals with the flows of materials, information and resources and puts into consideration the relationship between related parties.

2.2.3 SCM competencies

In today context, SCM has become a trans-multidisciplinary field of management which presents in every stages of business.

Ross (2011, 23-31) points out that SCM leverage company's competencies through:

- Customer management: create customer value, provide CRM toolset, unified channel focus, customer intelligence;
- Supplier management: create supplier channel value, provide SRM toolset, strategic sourcing, infrastructure and operations, technology-driven procurement;
- Channel alignment: channel geography, ecosystem concept, functional optimization;
- Collaboration: unified channel, coupling of channel capabilities, real-time connectivity, demand information sharing, common performance metrics;
- Operation excellence: operation integration, process standardization, integrated information systems, asset utilization, team approaches;
- Integrative technologies: network ERP/SCM, advanced planning systems, networked channel planning, channel event management, EDI and internet, RFID and data collection.

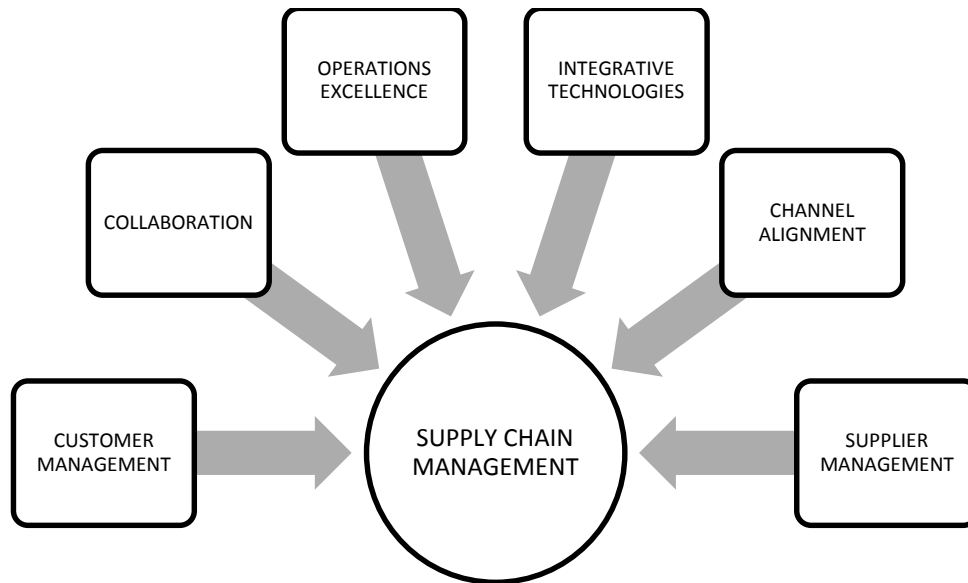


Figure 4. Supply chain management competencies (Ross 2011, 23).

2.2.4 Food supply chain

Folkers and Koehorst (1998, according to Beske et al. 2014, 134) gives a focal definition of food supply chain, as

“a set of interdependent companies that work closely together to manage the flow of goods and services along the value added chains of agricultural and food products, in order to realize superior customer value at the lowest possible cost”.

Processes in food industry today is more industrialized and standardized than before and has come to the level of mass production. As food safety and quality are essentially important, managing food industry’s supply chain is complicated and requires a high level of controlling, quality supervision, and tracking practices. Along with that, globalization and the effect of marketing has been shaping consumers’ trends worldwide as well as raising their concerns about product origin, the treatment of inputs, the compliance with labor standards and the production’s environmental impacts. Therefore, sustainability practices in food supply chain is gaining more attention and has to be realized in the whole industry.

2.3 Sustainability

As discussed earlier, the needs for quality improvement and cost reduction in the 1970s and 1980s have pushed forward the study in supply chain management. Labor rights, work condition and environment issues also came into the radar, paving the way for sustainability to be addressed. Not anymore a buzzword of marketing, sustainability is now an independent field of study and a requirement for all businesses aiming for competencies.

2.3.1 Sustainable development definition

Allegedly the first United Nation (UN) summit on environment, the United Nations Conference on the Human Environment in 1972 (also known as the Stockholm Conference) recognized the global environmental situation and drew a linkage between economic prosperity and resource capacity trade-offs. The conference has brought out discussion on developmental issues such as natural resource deficit, human rights, pollution in relation with technological aid and legislation role. A decade after that, the world did not move any further in overcoming these challenges and thus came the needs to address the issue precisely for more actions.

The UN's World Commission on Environment and Development in 1987, more commonly referred to as the Brundtland Commission, has realized the shortage of environmental capacity and embarked on a long-run point of view. It has established a widely-accepted definition of sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development 1987, 41). For a more practical approach, this report went on clarifying that:

"...sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development; and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations." (World Commission on Environment and Development 1987, 43).

Evidently, the explanation has included the importance of society in this process besides economic and environmental changes since public voice, legislation and political institution are also factors to make changes happen. From then on, study in the field of sustainability has substantially emerged, researchers have suggested modifications of the Brundtland definition but still shared the same idea of balancing economic, social, and environmental posts of development. The three pillars of sustainability, namely, economic, social and environmental are established accordingly.

According to Fischler (2014, 19), sustainability is best practiced in the free economy by the means of corporate social responsibility (CSR). That leads us to the examination in the following subsections.

2.3.2 The three-pillar framework

As previously discussed, sustainability study navigates around the three-pillar framework. Alternative terminology to economic, environmental, and social pillars has been proposed by researchers, notably the Triple Bottom Line (TBL) or 3Ps model. Formerly used as an accounting method to provide stakeholders an overview look on corporate performance, the term TBL has been coined by John Elkington in early 1990s as a measuring method for sustainability (Jackson, Boswell and Davis 2011, 56). TBL focuses on 3Ps: People, Planet, and Profit as representatives of the society, environment, and economy. However, explanations to the relation among these pillars vary and they are illustrated in Figure 5, 6 and 7 below.

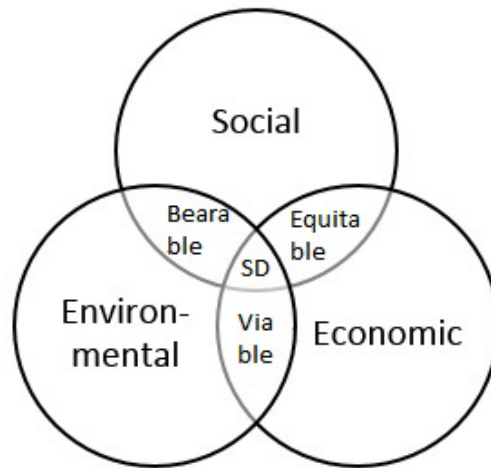


Figure 5. Three dimensions of sustainability (Barbier, 1987, according to Laasch and Conaway 2014, 61).

The first Venn diagram illustrates the interaction between the pillars. Sacrificing the environmental aspect, the business is not bearable from the community perspective and also not viable as limiting waste is crucial in improving business performance. Committing to environment but dragging off the social aspect behind, the business could hardly survive as being not equitable and bearable by the society. And finally, without the economic aspect, the business makes no profit and could not proceed. That is to say, a combination of all three aspects is necessary to sustainable business.

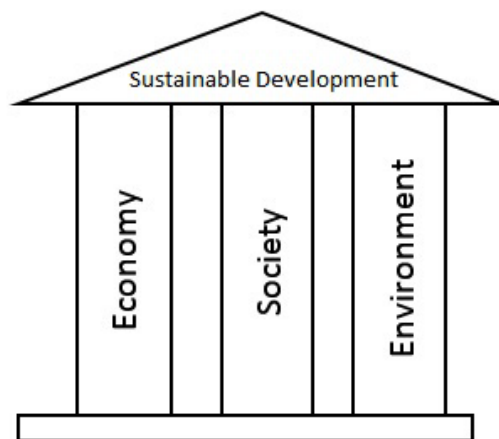


Figure 6. Three dimensions of sustainability (UN World Summit 2005, according to Laasch and Conaway 2014, 62).

Figure 6 simplifies the three pillars as three independent and equally important agents. There comes the needs to specifically define how each agent is achieved

as well as how they interact with each other, whether in a personal, company, or global level. Without one pillar, sustainable development (SD) is collapsed as they are compatible and supportive to each other. (Boström 2012, 3).

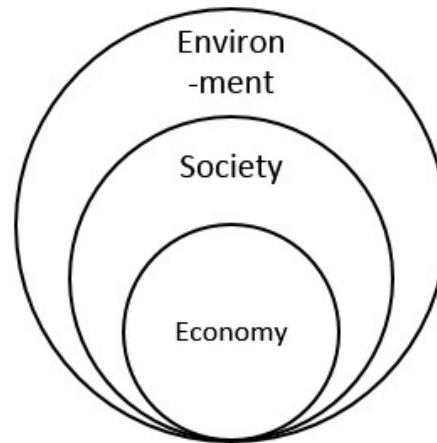


Figure 7. Three dimensions of sustainability (Laasch and Conaway 2014, 62).

The last illustration shows the depending relation between components as the economy itself is limited by the society's capacity of consumption, while this capacity is driven by environmental resources. An improvement in sustainable development thus can impact on the three dimensions simultaneously.

A detail description of each bottom line by the World Commission on Environment and Development (1987, x) is given as below:

Economic bottom line concerns with maintaining governance level as well as handling financial situation in order to keep the production flow on, and avoiding imbalance between sectors. In a corporate level, it is known as corporate financial responsibility. Fauzi, Svensson and Rahman (2010, 1347) point out that financial performance is stakeholders' genuine concern and thus management's responsibility. As the authors argue, profitability is the point to begin with, and an increasing wealth additionally helps improve social performance.

In a macro level, **social bottom line** evaluates fairness in distribution and opportunity, adequate provision of social services including health and education, gender equity, and political accountability and participation. Under the scope of a corporate, it deals with a firm's ability to cope with issues related to its workforce, customers and society (Chopra and Meindl 2016, 510).

Environmental bottom line refers to an environmentally-sustainable system, in which a stable resource base is maintained, renewable resource is exploited in the extent that adequate substitute could be made and non-renewable resource is depleted in limitation. A firm aiming for sustainability has to look on its business impacts on the environment, including air, land, water, and ecosystems in general (Chopra and Meindl 2016, 511).

2.3.3 Corporate social responsibility

Recent years have been seeing the growing demands of stakeholders (employees, local communities, government and non-government organization) on companies, as they scrutinize every business decisions and report any misconduct or failures in the workplace as well as business impacts on the environment and society (Parboteeah and Cullen 2013, 528-529). Corporate social responsibility (CSR) thus comes in the discussion whether it is a burden company has to cope with or a guideline for them to gain more competencies.

Back to the history, Carroll and Buchholz (2003, 31) and Parboteeah and Cullen (2013, 520) credit the early idea of CSR to Adam Smith's classic "invisible hand" theory. Accordingly, supply and demand could be decided at the marketplace, in which those who meet customers' needs and wants at best price prevail. In that fashion, the "invisible hand" could turn self-interest of customers to societal interest and form a binding relationship between business and society. While the marketplace has been matching the sell side and buy side in an extent, it's a challenge to be assured that business has been acting ethically and transparently. Therefore, a clearer cut of CSR is necessary.

Many definitions of CSR have been proposed. Heizer and Render (2006, 18) implies that corporate social responsibility is "a moral awareness and focus on increasing productivity" in consideration of stakeholders' voices. A drawback of this definition is that it focuses on company's initiatives but sets aside social requirements it's supposed to fulfill. The European Commission (2003, 7) reaffirms that "corporate social responsibility (CSR) is a concept whereby companies integrate social and environ-

mental concerns in their business operations and in their interaction with stakeholders on a voluntary basis”. For a more general but complete view, many researchers agree to the following definition by Archie Carroll (Carroll 1979, 500, according to Carroll & Buchholtz 2003, 36): “The social responsibility of business encompass the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point of time”.

For the ease of comprehending and implementing CSR, Carroll has illustrated his CSR view as in Figure 6 below:

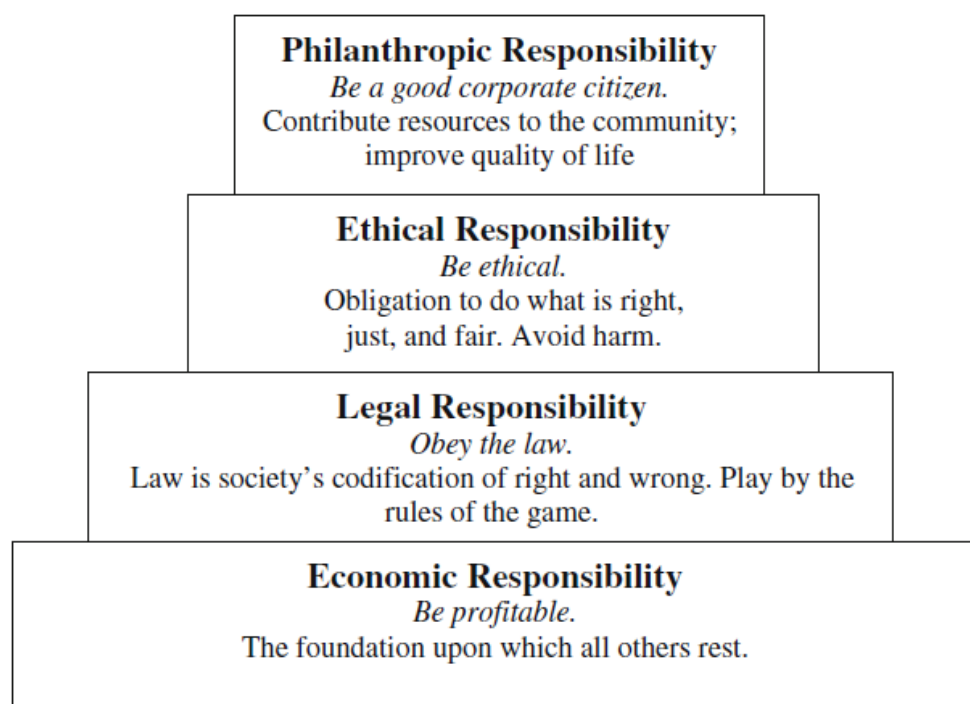


Figure 8. The pyramid of CSR (Carroll 1991, 42, according to Carroll & Buchholtz 2003, 40).

Economic performance is the base of the pyramid, as the foremost responsibility of a business is to make profit and generate dividends for its shareholders. At the same time it has to comply with all laws and regulations, which makes the legal responsibility. Ethical responsibility requires the company to operate more than law required and practice rightness, fairness and just. And last but not least, it is expected by the society to be a good corporate citizen, to contribute to the community and improve the quality of life.

It is worth noting here that the four stages of the pyramid when put separately might conflict with each other, for instance, between economic and other stage. The pyramid instead should be taken as a stakeholder model assisting company in issue prioritizing and decision making.

Another way to visualize CSR is by using the TBL method as illustrated in figure 7. Each combination of two bottom lines address a set of more integrated, cross-functional actions. Once operating on a compromise of the three bottom lines, company can sustain its business.

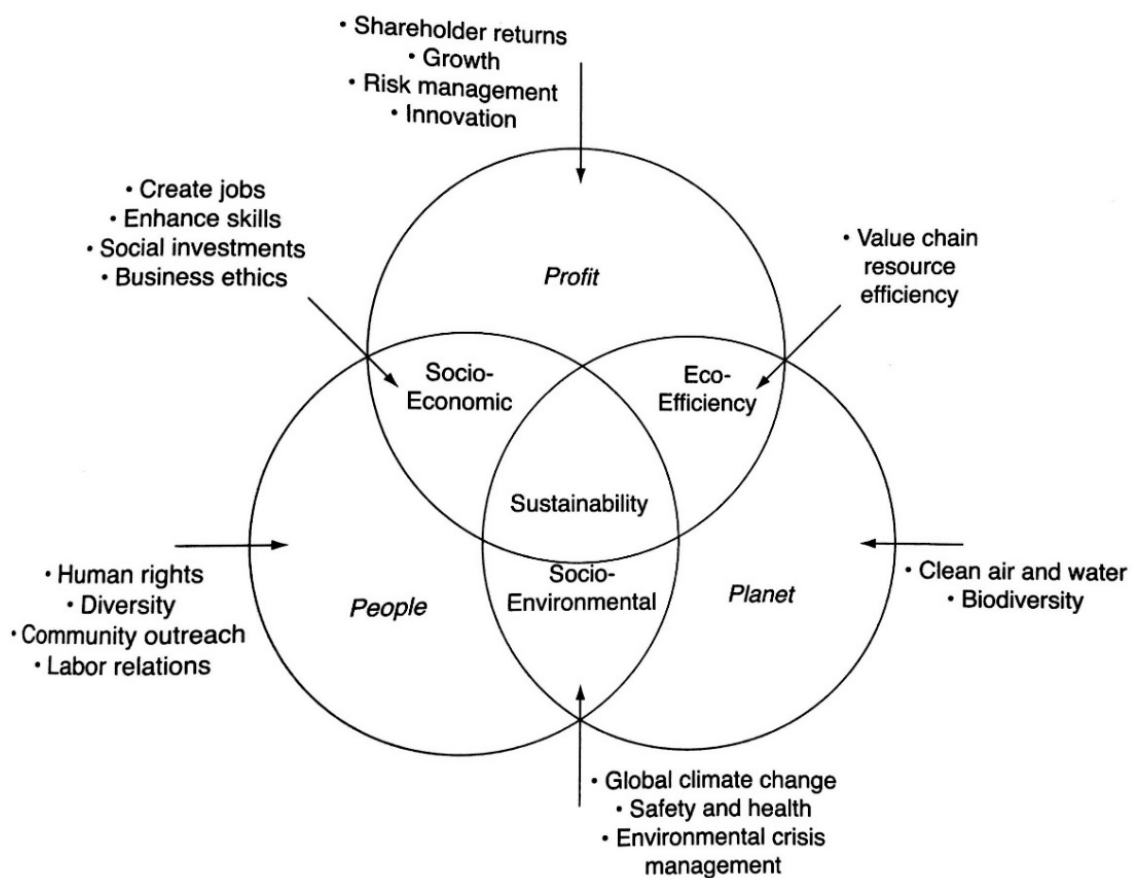


Figure 9. Triple Bottom Line (Parboteeah and Cullen 2013, 527).

As Porter and Kramer (2006, 16) has put it, company does not have responsibility and resources to resolve all the world's problem. However, they can choose a set of actions which fits its capability and benefits them the best. By creating shared value with its stakeholders, company is able to influence the society and gain competency – a win-win situation for both sides.

2.3.4 Risk management

Epstein (2008, 113) brings up many risks that business today is facing, such as political instability, corruption, labor malpractices, terrorism, natural disaster, etc. As its outcome varies greatly, risk inevitably not only costs company financially but probably also results in productivity reduction, customer loss and other intangible damages. To sustain the business as well as to implement CSR successfully, company needs to acknowledge latent risks and prepare a system to response quickly to sudden events.

As Stevenson (2009, 809) puts it, risk management includes identifying potential risks, analyzing and assessing them, minimizing risk occurrence and establishing plans to deal with risk that occurs. Identifying risk is utmost important to begin with and some risks could be foreseen from stakeholders' expectations. Enterprise risks could come from many sources as Epstein (2008, 116-117) finds out as from the industry, the employees, customer base, location, process, supplier or the media.

Despite the advances in supply chain management, risk can still happen along the chain due to its complexity and its dependence in information sharing. Therefore, risk management should be integrated supply chain management in order to prevent and react in time. Once being put in agenda, risk management can help maintain the flow along the supply chain and reduce costs to the least. In another word, the economic bottom line of the business is sustained better and also any misconduct concerning the social and environmental bottom lines is avoided.

2.4 Sustainable Supply Chain Management

As the supply chain of today business is increasing in complexity and relation, sustainability as a company's cross departments focus is not enough. In order to anticipate risks along the chain as well as to implement CSR in a full scale, company needs to extend its scope of assessment and consider sustainable supply chain management.

2.4.1 Definition

The fact that companies are more frequently questioned about the environmental and social problems in their entire supply chain, has triggered managers' interest in sustainable supply chain management. Additionally the number of papers in the field is reportedly high during the first decade of the 21st century, showing the needs and necessity to dig in SSCM in a more systematic and theoretical way.

Since the breakthrough of sustainable development in the Brundtland Commission in 1987, initiatives in sustainable supply chain management (SSCM) came to surface no earlier than in 1994, according to a literature review by Seuring and Mueller (2008, 1701). These initiatives, however, are either disperse and lack of a theoretical background, or one-sided as many papers only focus on the environmental side of sustainable development.

As the field is newly developed, a definition of SSCM by Seuring and Mueller (2008, 1700) is worth considering and acceptable as:

“The management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e. economic, social and environmental, into account which are derived from customers and stakeholders requirements”.

This definition integrates the Triple Bottom Line into supply chain management, expresses the importance of inter-organizational information sharing and takes stakeholders into account.

2.4.2 Framework

Beske and Seuring (2014, 324) has proposed a framework to categorize SSCM and its practices as shown in figure 10 below. Following this framework, SSCM practices are sorted out into five categories orientation, continuity, collaboration, risk management and pro-activity. These categories are organized into three hierarchical level, management as the mindset and strategic level of the company, structure as the organizational level and processes as the implementing level. Each category and

its related practices will be explained further basing on this material. In essence, this framework is consistently and practically implementing the SSCM definition above.

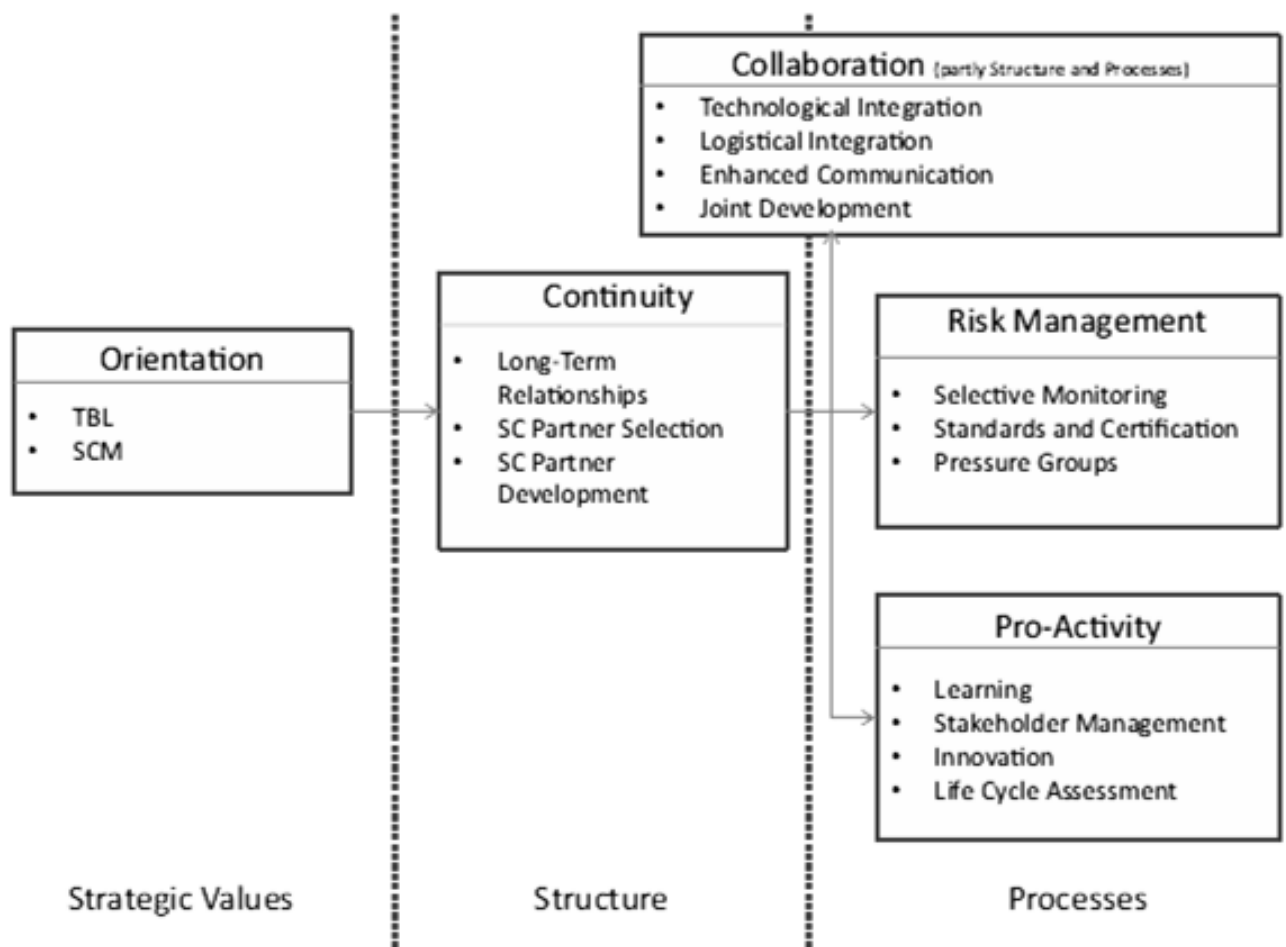


Figure 10. Sustainable supply chain management categories and practices (Beske & Seuring 2014, 324).

Orientation represents a dedication to the Triple Bottom Line and understanding of supply chain management from the top management of the company. The mindset of the company is the starting point of organizational decision.

Continuity deals with the structure of the supply network, concerning on the way the supply chain partners interact on a permanent level. Practices falling under this category includes building long-term relationship with partners, selecting qualified partners and developing relationship.

Collaboration connects structural aspect to business processes (Vlajic et al. 2012, according to Beske et al. 2014, 132). Sustainable collaboration practices include

technological integration, logistical integration, enhanced communication and joint development.

Risk management includes selective monitoring, standards and certification and pressure groups.

Pro-Activity is to engage a wide set of stakeholders like customers, community and government actively, in order to enable company to counter further pressure and benefit from their knowledge (Pagell & Wu, 2009, according to Beske et al. 2014, 133).

As this framework approaches SSCM in practices and systemization, the author finds that it would be helpful for her to apply to the two case companies. She will use this categorization to observe, collect data and analyze SSCM practices in each company, through which a parallel comparison could be drawn out. Also, by this way, she could realize good practices and pointed out parts which could be improved.

2.5 Retail's sustainability challenges

The world's resources has come to the point of declination and consequently been putting pressure on human welfare as illustrated in figure 11.

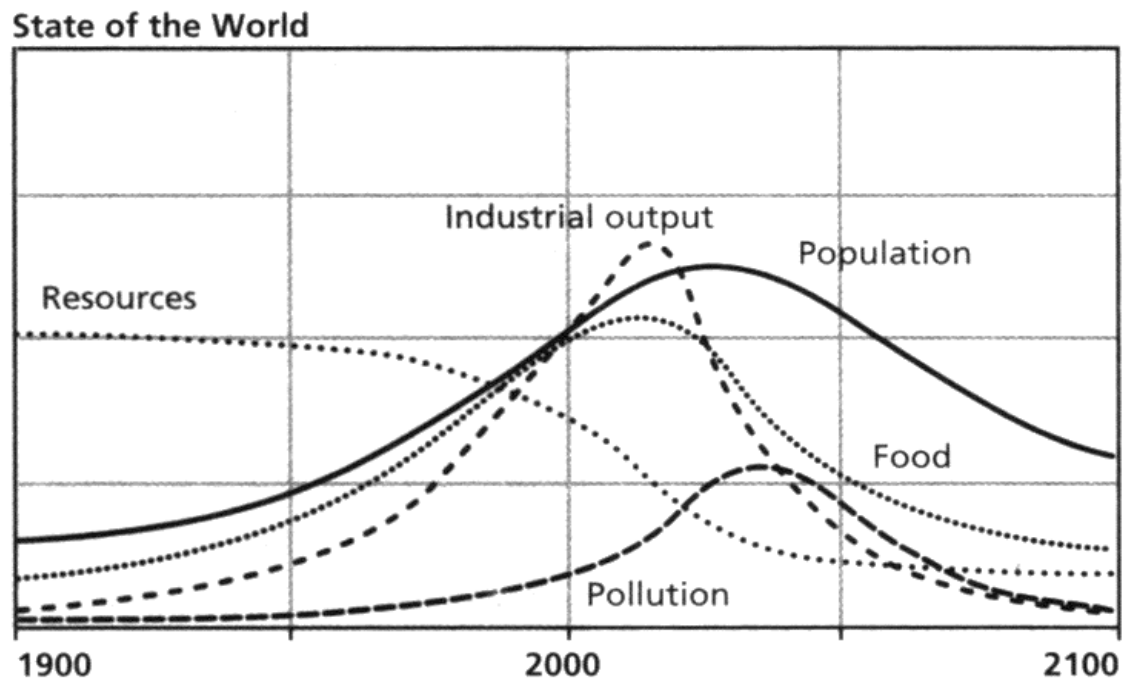


Figure 11. The correlation between world's output and human welfare (according to Meadows, Randers & Meadows 2004).

Industrialization in the 20th century has brought along a massive depletion of non-renewable resources such as fossil fuels and minerals. By the 2000s, these resources went down slope in the 21st century, below industrial output and human consumption. Along with that, the reduction of agricultural land and water supply causes food run out. As natural supply no longer meets the world's population, human welfare is at stake and a decrease of population is expected to come.

Grocery retail, on one hand, is at the end of the grocery distribution supply chain and the direct supplier of human food and basic needs. On the other hand, it is also responsible for many environmental consequences such as enlarging carbon footprints, affecting farming activities and producing waste. Consumers have been scrutinizing the whole process of production and prioritize greener initiative. Therefore, sustainability is not only retail's responsibility, but also its challenges. The main sustainable issues of retailers have been summarized by Ipsos MORI (2007, 38-65) as climate change, waste and supply chain management.

Climate change is no longer phenomenal, but visible in everyone's most basic activities like personal food consumption. Growth has changed people's lifestyle and eating habit as people now consume more meat products than ever before. In developed countries, the majority have long switched from grains and vegetable based diet to a more protein based diet. Since the farming of livestock consumes more land and water resources, the more meat people eat, the more carbon dioxide is emitted along their food supply chain. Adding to that, globalization has enabled imports of foreign products, transportation as a part of it has contributed to enlarge the carbon footprint greatly. At the near end of the distribution channel, retails are subject of environmental activists and NGOs, thus, they should be aware of the impacts and take initiatives like promoting local farming, environment friendly packaging, and developing product life cycle.

Waste exists along retail operation. In order to catch consumer's attention, product packaging seems to be the most efficient and direct tactic to maintain or increase sales. Nonetheless, it has long been blamed for being non-reused, non-recyclable and a great harm for the ecosystem. Also, the handling of obsolete inventory and expired products is a big question for retails.

Last but not least, retail's selection of supplier and supply chain has also been put under the radar. Main issues related to supply chain are normally farmer's working condition and child labor, adding to transportation and sustainable sourcing. It is retail's dilemma to choose between sustainable supply chain management and efficiency.

Of course, there is no one-stop shop solution for all these issues and retails cannot resolve the problem themselves in one day. Rather than being passive and stay at the compliance level, they can use their power to take the lead and get involved in sustainability. For instance, they can encourage greener lifestyle, educate consumers on climate issues and their impacts, and provide information which promote sustainable behavior and collaboration with key stakeholders for the most efficient solution. Most importantly, retails have to start with a sustainable mindset and embed sustainability in their everyday business activities.

3 RESEARCH ENVIRONMENT

This section is going to describe the research environment, specifically Finland and Vietnam's food retailing sector. Each subsection will briefly introduce the country's demographic characteristics which might have influence on its retailing market and customer's preference. Market situation, customer's behaviors and awareness will be discussed more specifically in the subsections.

3.1 Finland

General information is provided in Table 1 below.

Capital	Helsinki
Area	338 440 km ²
Population	5 491 817
Official language(s)	Finnish, Swedish
Political system	Parliamentary republic
GDP	€207 220 billion
Currency	Euro (€)
Member (of)	European Union, Schengen area

Table 2. General information about Finland (statistics as of 2015 according to stat.fi, [Ref. 26 July 2016]).

Located in the Scandinavian Peninsula, Finland is the northernmost country in the EU with Helsinki as the capital city. Due to the harsh climate and long winter, Finland is considered as one of the most sparsely populated country in the world with a distribution of roughly 16 people per kilometer. Still, the country is famous for its generous welfare system and ranks top in term of living standard, education and healthcare. Being an EU member as well as a member state of the Schengen Agreement, Finland could be benefited from the free movement of goods and people within the area while its business also has to follow common EU regulations.

As of 2015, Finland's GDP per capita of €38 200 reaffirms its highly developed status. However, the Finnish economy is still in recession and hardly grow to the rate

of before the 2008 financial crisis. The economy is severely hit with the fall of Nokia and the timber industry. Adding to that, EU's economic sanction against Russia in response to Russian escalating actions in Ukraine in mid-2014 also had an impact on Finnish economy, given the fact that Russia is one of the country's important trading partner. The high unemployment rate of 11,2% as of 2015 exposes economic and social instability (stat.fi, [Ref. 26 July 2016]). Economic downturn, high unemployment rate and aging population structure are putting pressure on the welfare system and puzzling the policy maker.

3.1.1 Finland's grocery retailing market

As in any society, grocery trade plays an important role in Finland as it is a daily life necessity, a vital part of the economy and a hub of workforce. According to Finnish Grocery Trade Association (2016, 5), the value of grocery retail sales in Finland in 2015 was approximately 16 600 billion euros and was decreased by 0,6% comparing to the previous year. The grocery trade and department store trade industry employ 70 000 people, nearly a quarter of the trading industry in Finland.

The main characteristics of Finnish grocery retailing market are the formation of chain and the centralization of procurement and logistics (Finnish Grocery Trade Association 2014, 4). The sparsely-populated residential area indeed calls for managing cost efficiently and so speaks economy of scale. Retailers are seeking for central purchasing in order to minimize cost and taking advantage of large volume.

The market is also known for being highly regulated, ranking the 5th among the most strictly-regulated retail trade regulation in OECD (Finnish Grocery Trade Association 2015, 5). By 2015, the country was still regulating on store opening hours, medication products, beers and alcohol beverages as well as issuing an act to control market monopoly.

In recent years, adding to the existing characteristics the market has been following worldwide trends as listed by Global Agricultural Information Network (2012, 4-6):

- Larger stores are replacing market-size stores.
- Share of discount store (such as Lidl) is increasing.

- Sustainable development and environmental issues are highly concerned.
- Interest in organic products goes up.
- Private label brands are aggressively promoted via different channels.
- Convenient shopping asks for more consumer-oriented display.

Figure 12 shows main players in Finnish grocery retail sector in 2015. As of the beginning of 2016, Kesko/K-Group's acquisition of Suomen Lähikauppa OY has increased its market share and concreted its position in the competition with dominant player SOK/S-Group. While S-Group's strategy is to provide a wide range of products and services with lower price than competitors, K group aims to be quality leader in the market (OECD 2014, 121).

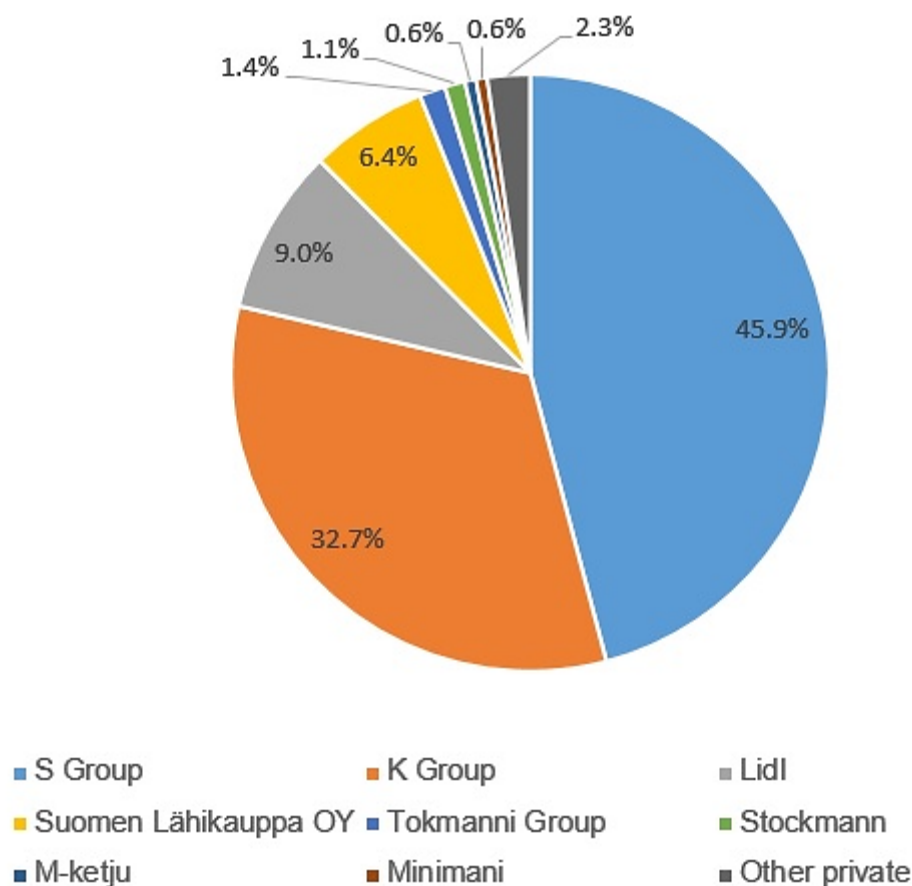


Figure 12. Finnish grocery trade market share in 2015 (Finnish Grocery Trade Association 2016, 6 according to Nielsen Finland OY).

S-Group is now leading in the number of stores as it is continuously acquiring competitors' stores and opening new stores. Under the central unit SOK, 28 cooperatives are in charge of S-group's grocery store chain (Prisma, S-market and

Sale/Alepa) in separate geographic area. Kesko, on the other hand, follows a decentralized structure as it consists of independent store retailers and works vertically as wholesaler for K-group's grocery chains (K-citymarket, K-supermarket, K-market and K-extra). As these two chains distinguish themselves in the market by different strategy and management, further competition is to be witnessed.

The Finnish grocery retailing market is witnessing more fluctuations and changes in 2016 as policy makers have loosen regulations for retailing sector. As by the beginning of 2016, store owners are free to decide their opening hours, critically positive growth has been seen. Additionally, if the proposal of removing alcohol beverages monopoly is enacted, more impressive performance of smaller stores are about to come and a boost in sales is more evident.

3.1.2 Finnish consumer's behaviors and awareness

A cooperating study by Cap Gemini and Ernst & Young (2002, 12-13) reveals some shopping traits of Finnish consumers. Unlike other European country, Finns can unhesitatingly name their retail chain of preference, explained by the fact that Finnish market is highly centralized and dominated by a few major players. When it comes to shopping preference, Finns value access and experience over price, product, and service. Value-oriented factor such as courteous and respectful employees also adds to their shopping satisfaction. Other points that contribute to Finns' shopping preferences are that the store is clean and well-maintained, the price is easily visible and well-marked, the retailers provide consistently good merchandise quality, and employees can answer most of their questions about products.

14 years after this study, Finns' consuming trends have slightly navigated and more behaviors are realized. A survey by Ernst and Young (2015, 6-16) adds more details to the previous observation:

- Finnish consumers are highly concerned with food quality and seeking for healthier food option. They are prone to look if the product contains additives.

- Buying pattern navigates towards more fruit and vegetable product while fish and chicken is substantially replacing meat in general.
- They emphasize an interest in locally produced food.
- Speaking of access, grocery stores close to traffic hubs is their main priority.
- Standardized promotional material received on smartphones or via traditional mail is more preferred than personalized offers based on previous purchase.
- Manual cashier is more preferred than self-service payment.
- About assortment, Finns prefer wider range of products than niche shop. They are also open to change and try new products.
- Loyalty cards is prioritized.
- The youngster are more interested in shopping grocery online, which is still new in Finland comparing to other Nordic countries.

Along with the sustainability trends and “go green” lifestyle, organic products and fair trade products are gaining more attention from Finnish consumers. Also as they are concerning more about nutrition value and facts, reading product’s information has become a common shopping habit.

3.2 Vietnam

Capital	Hanoi
Area	331 210 km ²
Population	91 700 000
Official language(s)	Vietnamese
Political system	National Assembly
GDP	US\$214 750 billion (€1 ~ US\$1,12)
Currency	đồng (VND) (€1 ~ VND 25 037)
Member (of)	ASEAN, WTO

Table 3. General information about Vietnam (statistics as of 2015 according to IMF.org, [Ref. 31 July 2016] and indexmundi.com, [Ref. 31 July 2016]).

Vietnam is a country located in the Southeast Asia and bordered by China, Laos and Cambodia. Having a long coastline and being in the central of the region, the country has potential to join the international value chain. The high population of more than 91 million makes it an attractive market and also a source of labor supply.

Indeed, since the 1986 Reformation Vietnam has been substantially an investment hub for foreign businessmen, developing on all social and economic sides, and robustly increasing average income. As of 2015, the country moved forward from a low income to middle income country with a GDP per capita of \$2 111 (World Bank 2015). Alongside with that, the rise of the middleclass promises an increase in disposable income and larger market.

This achievement however exposes to be a challenge the country needs to overcome as the flow of FDI is estimated to reduce in the coming years. Besides, inequality, deficit of natural resources, and global competition are also problems that Vietnamese policy makers need to put into consideration.

The country is currently a member of ASEAN (Association of Southeast Asian Nations) and enjoys free movement across member countries. Its recent joining to the World Trade Organization (WTO) and Trans-Pacific Partnership (TPP) is considered as an opportunity to improve trading activities and policy reforms. On another side,

threats to domestic production and changes coming along with these agreements are about to be seen and tested.

3.2.1 Vietnam's grocery retailing market

Vietnam's retail and consumer sectors has been steadily growing in recent years. Despite sales revenue remains low as approximately US\$66 billion in 2013, average volume growth is estimated to be 7,5% over the next five years and sales is predicted to be US\$123 billion in 2018 according to PWC (2015, 58).

The food retailing sector, however is still dominated by wet markets and independent grocers nationwide. In Vietnam, wet markets are often open places near neighborhoods which sell fresh meat and produce, normally seen with live animals. These products are mostly from private farms and households with little and uncertain information of producing input and not strictly regulated. Recent news about farmers' overuse of chemical compounds, fertilizer and pesticides have raised concerns about the safety and quality of wet market products.

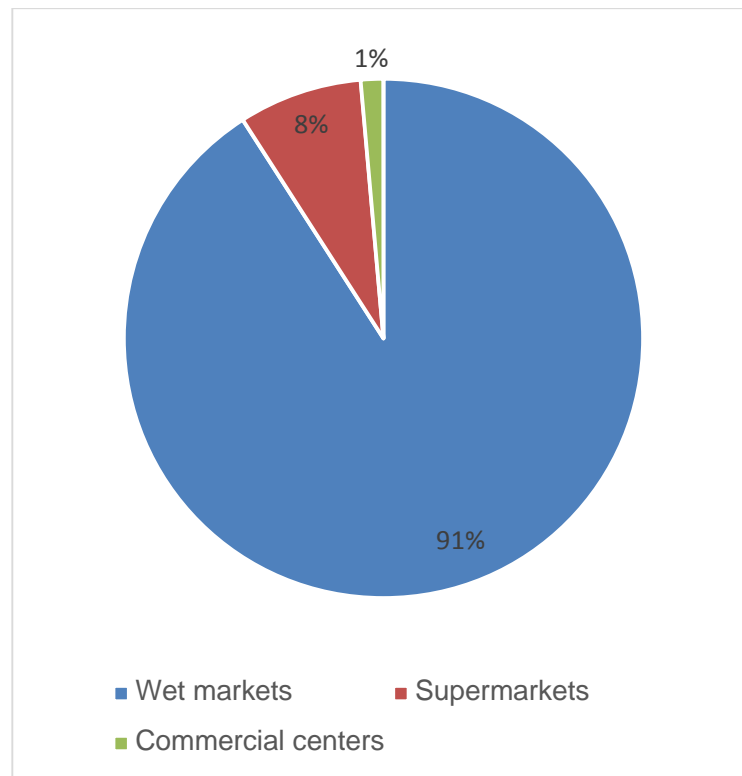


Figure 13. Vietnamese grocery market by outlet numbers in 2013 (according to Deloitte 2014, 13).

Figure 13 shows the number of each grocery outlet, among which wet markets outplay by a number of 8 600, accounting for 91% of the sector. Despite the fact, nearly 850 modern retail outlets (supermarkets, hypermarkets, mini marts and convenience store chains) show impressive growth in urban areas. These shopping outlets are replacing wet markets for being more hygiene, assurance of product origin, safety and quality, and less price fluctuation.

Current situation and main characteristics of the market are pointed out by USDA (2013, x) as following:

- The consumption of packaged foods is growing, suggesting that the food processing industry is growing to serve consumer use as well as hospitality business (cafes, restaurants, etc.).
- Modern retail outlets are expanding in urban areas but traditional retailers (traditional markets, open-air wet markets, and small food stalls) will still be the main distribution channel.
- Demand for convenient, pre-packed, high quality and hygienic food is increasing.

- Fresh local ingredients and reasonable priced food which is mostly served in traditional market is prevailing in rural, low-income area.

As modern retail stores are blooming in urban cities, Vietnam has been drawing attention from big retailers. At the moment, the market is fragmented and shared among numerous multinational retail giants and domestic retailers. On the foreign retailer side, some notable names are AEON (Japan), Auchan (France), Berli Jucker (Thailand) – acquirer of Metro Vietnam in 2014, Central Group (Thailand), E-mart and Lotte (South Korea), and NTUC (Singapore).

On the domestic retailer side, those who have gained bold brand recognition are Citimart, Fivimart, Ocean Group, and VinGroup. These players vary in size, formats and product assortments. For instance, AEON and Lotte are operating multifunctional hypermarkets in main cities like Hanoi and Ho Chi Minh City. Domestic retailers mostly account for the large number of long-established supermarkets in the whole country.

Alongside with that, convenient stores – corner shops in highly populated areas offering basic packaged food and beverages, are growing impressively in number and predicted to affect consumer shopping trends greatly. With many merger and acquisition deals are witnessed in recent years, more fluctuation and competition are expected in Vietnamese grocery retailing market.

3.2.2 Vietnamese consumer's behaviors and awareness

Rapid urbanization and the rising income level are changing Vietnamese consumer's lifestyle and awareness. Deloitte (2014, 12) points out some patterns of their behaviors:

- Saving is more preferable than spending. During economic downturn, Vietnamese consumers tend to rather resort on reasonable priced products than the premium ones. Pricing plays the most important role in decision making.

- There is a slight difference in outlet preference among generations. Older people prefer to shop in wet markets and grocery stores, although generally they are shifting towards modern outlets for food safety and convenience.
- Vietnamese consumers have an inclination to do online research on the products before heading to brick-and-mortar stores. Online shopping, hence, is going to draw more attention.

Shopping trends in Vietnam are also witnessing more changes:

- Processed food as well as high quality and hygienic food is more demanded.
- Young generations are attracted to fast food and restaurant chains.
- Convenience and good quality is highlighted.
- Healthy food products are gaining more attention, alongside with low fat, low sodium and sugar-free food products.
- Vietnamese consumer's diet is shifting to more protein, meaning more meat and dairy products.
- Weekly shopping at modern retailers is combined with daily shopping at traditional markets.

In the coming time, Vietnamese income is continue to grow with the main population of middle class, leading to higher living standard and disposable income. Consumer's behavior then is about to change and shifting towards more demanding on quality and transparency.

4 EMPIRICAL RESEARCH

In this section, the process of research design, interview and main results will be introduced. Basing on results drawn out from the interview and observation, the author will discuss about the outcomes of the research and suggest some feasible recommendations.

4.1 Research process

In order to collect in-depth information about SSCM practices of Finnish and Vietnamese retailers, semi-structured interview is conducted. The question list consists of three parts:

In part I: General information, the interviewees are asked to introduce about themselves and the company they worked in.

Part II includes questions about the market. They were asked to give their opinions about the competition in food retailing sector in Finland/Vietnam in recent years, the characteristics of Finnish/Vietnamese customers in grocery shopping and how they assess Finnish/Vietnamese customers' awareness in product origin, food safety, and sustainability in general.

Part III focuses on SSCM practices in the retail stores.

Basing on Beske and Seuring's SSCM framework as introduced in subsection 2.5, the author has constructed central questions which cover five SSCM categories. Some questions could reveal information overlapping more than one categories as introduced below:

Orientation questions:

- How do you assess your company's position in the market?
- How well do you know about your company's supply chain management?
- How do you familiarize yourself with the "sustainability" trend?

Continuity questions:

- What is the main guideline your company use to manage its suppliers and supply chain?
- How has your company been engaging stakeholders in the business?

Collaboration questions:

- How does your company control product quality along its supply chain?
- How has your company been engaging stakeholders in the business?

Risk management questions:

- What kind of technical standards is your company following?
- What's your company's system of alarming and auditing to manage risks?

Proactivity questions:

- How do you manage product's life cycle and inventory?
- What are the advantages and disadvantages of implementing sustainable supply chain management in your company?
- What is your recommendation for a new company in implementing SSCM?

The question list was translated into Vietnamese and sent to Mr. Manh Do of T&T 159 Vietnam via email. Mr. Manh Do's family has involved in the establishment of T&T 159 at the very beginning and currently held one third of the company's shares. He himself has worked in the managing board and understands the brand's production process and supplier collaboration very well. His extensive knowledge about the business as well as his eagerness to learn more about SSCM practices opened up more insights for the interview.

On the Finnish counterpart, the author has had face-to-face interview with two K-supermarket staffs, Mr. Thang Do and Mr. Juha-Matti Lamminheimo. Mr. Thang Do had his internship in K-Citymarket Seinäjoki in April 2015. During this time, he had chance to get involved in many tasks, including goods reception, inventory checking, label printing, product display organizing, customer service and cashier. Mr. Lamminheimo has been working as a buyer for K-Citymarket Seinäjoki from April 2014 and currently is in charge of the meat counter in K-Citymarket Paivola. His positions enable him to have a close look on K-Citymarket's supplier selection and purchasing process.

During previous visits to T&T 159 stores and K-supermarket, the author's own observation was taken. The aims of this visit is to observe:

- Product assortments and organizations
- Store atmosphere
- Product display
- Customer service
- Staff attitude

After that, she collected the answered and sorted out the answers to related SSCM categories with additional notes taken from the interviews and observation.

4.2 Case study

This subsection will introduce the two case study companies, Kesko Finland and T&T 159 Vietnam.

4.2.1 Kesko's food retailing chain

According to Kesko's main website, the company is now operating grocery trade in over 1 500 stores in Finland and Russia. In Finland, 900 K-food retailers have been engaging the K-food concept in their locally tailored stores, earning 33% market shares and generating 8 364 jobs in 2015. The chain receives 900 000 customer visits daily. Kesko's business model is summarized in figure 14 below.

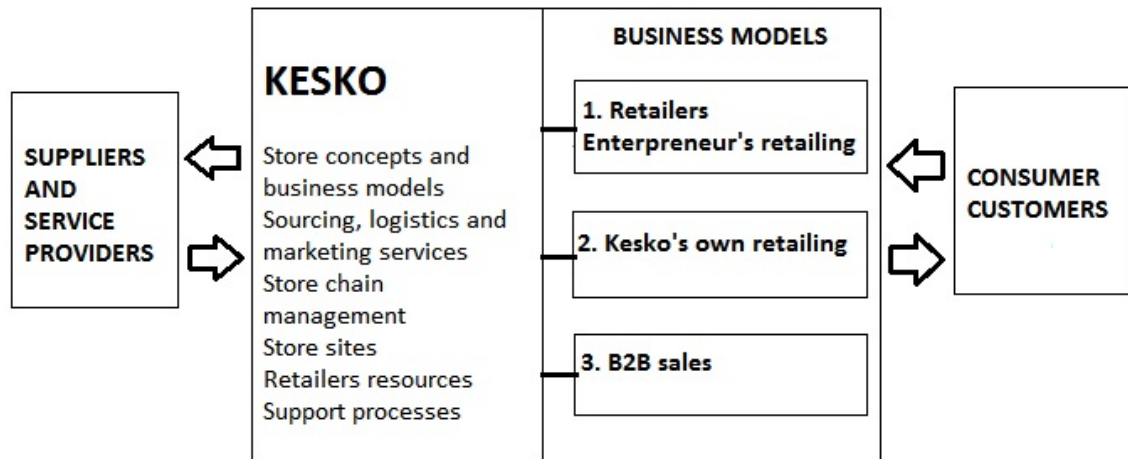


Figure 14. Kesko's business models (Corporate Responsibility Report 2013, 13).

As can be seen, Kesko group acts as the central management and main wholesalers of K-store chain by developing store concepts and business models, sourcing, offering logistics and marketing services, managing the store chain, store sites, controlling retailer resources, and support processes. Its activities include retailer entrepreneur's retailing, Kesko's own retailing and B2B sales. In the food trade sector, its sales activities are not common.

Kespro, a subsidiary of Kesko Food division is the leading wholesaler in Finnish Hotel/Restaurant/Cafe (HoReCa) business. It also acts as the main suppliers and outsourcers of the whole K-food chain. It is said to offer customers comprehensive, high-quality selections, ease of shopping, favorable prices and responsibility. In order to do so, Kesko prioritizes food quality as well as customer service.

There are four formats of K-store retailers which vary in size, product range and concepts. K-citymarket are hypermarkets that offer customers the widest selections of groceries and home and specialty goods. In this type of store, consumers can find a wider assortments of service counters for meat, fish and meals. K-supermarket are better than average food stores that offer wide selections, particularly of fruit and vegetable. K-markets are reliable, service-oriented and located near residents neighborhood. They aim at offering consumers everyday food and local services. K-extra are neighborhood stores that provide customers with daily essentials.

With K-food retailers, Kesko thrives to improve the cooperation by ensuring customer orientation, business efficiency and competitive advantages. It acts by centralized sourcing, selection managing, logistics implementing and developing the chain concepts and network. Each K-food retail store is customized to fit the locals best by listening to their concerns and utilizing customer data and offering local food from local producers. The retailer is responsible for product selection, customer service, staff competency, product quality and profitability of their business.

On the digital field, K-food mobile application keeps customers updated with their local store offers, helps them keep track of their frequent shopping list and in-spires them with thousands of recipes. The online store and click-and-collect service function is also being built to meet industry trend and customer needs.

Besides sourcing products, Kesko is also promoting their own product brands, Pirkka and K-menu. The quality of these products is controlled by Kesko's Product Research Unit. Every years, more than 10 000 product samples are analyzed by this unit. Also, basing on research on market trends and customer's preference, the brand's products are developed accordingly.

Prioritizing local products, 150 companies throughout Finland commit in manufacturing Pirkka products of high quality and affordable price. All of this product has manufacturer's name and location on. The local content rate of fresh products like meat and dairy products reaches 100%. Country of origin is also indicated clearly on foreign Pirkka products. 80% of products under Pirkka name are foodstuffs like fresh vegetables and fruits, meat, dairy products and meat. Others are kitchenware, tableware, cooking utensils, home care and hygiene products. By 2015, 2 551 Pirkka products is on K-stores' shelves, of which 195 are new in. Currently there are 100 Pirkka organic products and nearly 40 Fairtrade products and the line is continued to expand (Kesko.fi, [Ref. 14 August 2016]).

K-menu line, otherwise, offers staple foodstuffs that price is the most sensitive like fresh and processed meat, pasta, juices, frozen food and canned food. Packages under this line is characterized by being colorful with a fresh, distinct visual appearance. From its launching in 2014, hundreds of K-menu products are on shelves of K-store chain (Kesko.fi, [Ref. 14 August 2016]).

To maintain customer's relationship, Kesko offers the loyalty card K-plus with additional benefits and services for customers. By using a K-plus card every check out, customers will gain accumulated points equivalent to the value of their purchase. This points could be rewarded and converted to money value in card that customers could use to pay for their next purchase at any K-store chain. Also, there are special offers and discount for K-plus card holder.

4.2.2 T&T 159's organic food retailing chain

Established in 2012, T&T 159 Group comprises of three small compartments, which are T&T 159 Food, T&T 159 Cattle Feed, and T&T 159 Livestock and Poultry production joint stock companies. At the moment, 200 employees are working for the group's company and retail stores. It aims to provide clean, high quality and safe food products for retailers and merchandisers nationwide.

T&T 159 Group's structure is presented in figure 15 below.

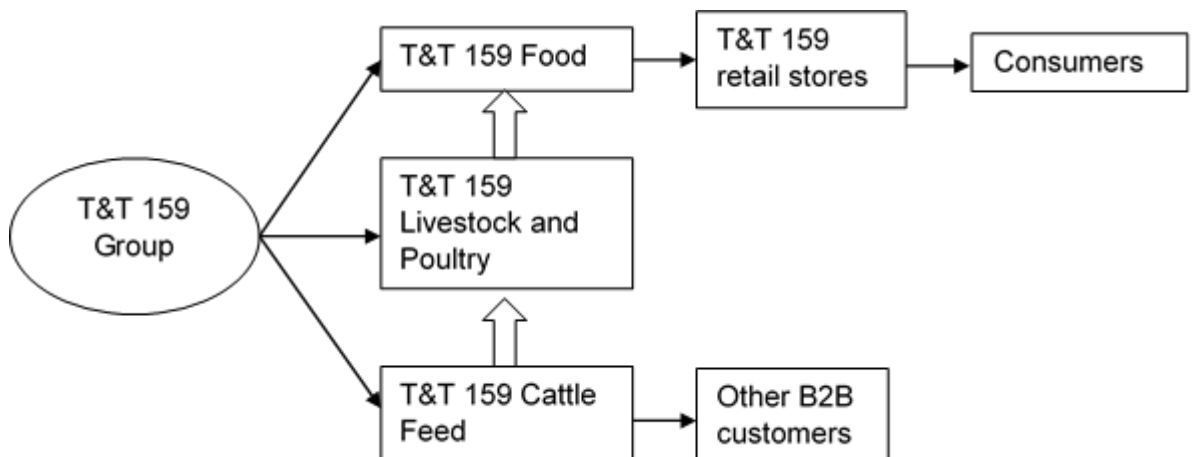


Figure 15. T&T 159 Group's structure.

T&T 159's products are strictly controlled thanks to the group's close operation. Unlike most livestock and poultry producing companies in Vietnam that buy production inputs like breeds and cattle feed from third party, T&T 159 produces cattle food for its livestock and poultry company. The latter then takes charge in cow, pig and chicken breeding for the best and market-preferred breeds, mass produces, butchers and processes meat and poultry products for T&T 159 Food Company. T&T 159

Food, on one hand, acts as a wholesaler as it wholesale meat, poultry and fish products. On another hand, it involves in producing vegetable products and provides for its retail stores.

Starting with a 200 ha area in Hoa Binh, a satellite city of Hanoi, the company focuses on producing organic meat and vegetable products in a strict controlling process. It imports high quality livestock from Australia and Thailand, also improves current Vietnamese local breeds to farm, process, and sell in its retail chain. All the cattle and chicken are chipped and watched throughout the production, so the product origin, chemicals compound in the meat, and meat quality are ensured. Its management system emphasizes strongly on input quality and service quality check, retail distribution channel developing, preservation system developing, food processing, logistics system developing, and customer care.

Currently T&T 159 has 8 retail stores in Hanoi and the number of stores is increasing constantly. These stores are located in stronghold urban communities like Nghia Tan international village, An Khanh, Dinh Cong new urban communities, etc. In these areas, T&T 159 can directly approach its target customers, who are of middle income and have high demands for food quality and safety. Besides, its online store at dicho159.vn is being improved and enables consumers the possibility to shop online and have their grocery delivered at home.

By maintaining product's supreme standards and improving assortments, T&T 159 has built a strong brand image and been gaining consumers' trust and preference.

4.3 Data collection and findings

Data collected from the interviews and the observations is reorganized into 5 categories of SSCM practices. In the following paragraphs, the author is going to describe, explain and compare between practices of Finnish and Vietnamese retailers.

4.3.1 Orientation (dedication to SCM and TBL)

Evidences of researched companies' orientation towards SSCM are found directly from the interviews as well as being stated in company's mission and value.

As Kesko's retail stores are deployed in a uniform K-store retail concept, the interviews in Finland have revealed that Kesko's dedication to SCM and the TBL starts from the corporate governance. Kesko's mission is to create welfare responsibility for all of its stakeholders and the whole community. Its approach to corporate social responsibility and indicators for performance measurements are built upon the Triple Bottom Line management, as stated in the company's main website.

In order to actualize these statement in action, Kesko has actively signed up for the UN Global Compact initiatives and followed its principles related to human rights. Since 2013, Kesko has been setting short-term and mid-term objectives to 2020 for the whole K-Group and putting global megatrends such as global economy, population growth, climate change, and technology development into account. The Responsible Working Principles are guidelines for the group responsibility work and training programs for Kesko and K-store employees.

On the Vietnamese counterpart, T&T 159 incentives towards SSCM is clearly stated in the company's mission as delivering to customers safe, natural and high quality products in a sustainable developing chain (tt159food.vn, [Ref. 14 August 2016]). According to Mr. Manh Do (2016), right from the early days of his company, the board has gathered, looked into their stakeholders' needs and wants, and drafted out an action plan. He found out that the farmers were insecure and easily affected whenever any market fluctuation came, leading to unstable price or weak negotiation power. To deal with this situation, he strongly emphasizes on the importance of SCM, specifically in managing and collaborating with his suppliers.

Since T&T 159 claims to provide products with high quality and clear information, the leaderboard finds that orientation to the social and environmental aspects should be engaged throughout the whole process. That means to equip managers of different levels as well as the employees, suppliers and farmers with the TBL

knowledge. By doing so, they could be confident with their products and armed to deal with any change.

4.3.2 Supply chain continuity

Fresh meat and produce in K-store chain are mostly provided from local suppliers to optimize logistics and ensuring freshness of products. In the case of the interviewed stores in Seinäjoki, meat products are delivered from the nearest Atria factory. Vegetables, eggs, and other dairy products are produced in farms in satellite cities and municipalities like Nurmo, Kauhajoki and Ilmajoki.

As most of K-stores' products are sourced vertically through main wholesaler Kespro, supply chain partners are carefully chosen and have to follow the group's purchasing principles. These principles follow the fundamental rights at work accepted by the International Labor Organization (ILO), the UN Declaration of Human Rights and the UN Convention on the Rights of the Child. In details, Kesko clearly lists its requirements for suppliers as:

- Willing to cooperate on a systematic and long-term basis,
- Meeting quality requirements under the controlling and examining of Kesko's Product Research Unit,
- Preferably having acquired an SA 8000 certificate from an independent certification body or another corresponding audit approved by Kesko,
- Respecting fair trading, bribes and similar measures are not allowed,
- Child labor, forced labor is prohibited,
- Discrimination by race, color, gender, religion, political opinion, national extraction, social origin or corresponding reason is not accepted,
- Ensuring treatment and safety of employees,
- Retaining freedom of association,
- Respecting terms of employment.

It's worth-noting from the interview that K-stores' products as well as most Finnish grocery retailers' are frequently examined by Evira – Finnish Food Safety Authority, a body of the Ministry of Agriculture and Forestry. Hence, the burden of product

quality control is partly eased and simplified since suppliers that pass Evira inspection are almost qualified to be chosen.

On the Vietnamese counterpart, T&T 159 relies on a few suppliers since most of its products (meat, poultry and poultry) are produced and controlled on its own farm. Within its own producing process, the pigs and cows are chipped so that their origin, diet, chemical compounds and meat quality are ensured throughout the process.

Dry and processed products like rice, spice and sauces are sourced from local suppliers. These suppliers are chosen based on T&T 159's clear understanding of the farm and the process. Salmon and other fishery products are imported from Norwegian supplier to ensure the best quality offered to customers. For these foreign exporters, their reputation is put into consideration. Global G.A.P Certification and Vietnam's Quacert standard is needed in the selection process. These suppliers' products also have to meet VietGap standards and ISO 22000 and ISO 14000 standard.

4.3.3 Collaboration

Logistics organization in Kesko depends on the type of products and its origin. For instance, local products are mostly pre-ordered and delivered directly from the farm and kept in stock by the retail stores. Besides, Kesko implements a central warehousing system, in which import products and products manufactured by Kesko are distributed to the central warehouse in Vantaa, Turku and Tampere. Industrial, frozen and non-food products are stocked in Vantaa, cooled fresh food products in Turku and vegetables and fruits in Tampere. The central warehouse reallocate stock to the 11 regional terminals and warehouse throughout the country, from there the products are delivered to individual stores. This system is illustrated in the figure below.

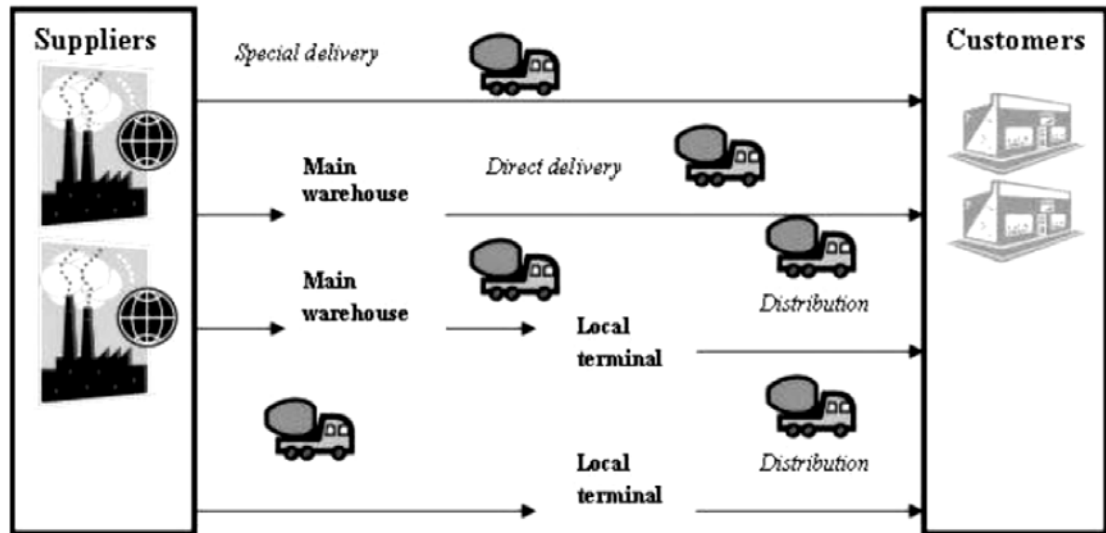


Figure 16. Kesko's logistics system (Keränen, n.a)

Once the goods arrive at the outlet, the product reception is taken by store staffs for documentation, and lacks and damages reporting. After the products are filed in the store's stock database, they are transferred from storage rooms to the shelves. An estimation of nearly 60% of the product total logistics costs are caused by logistic processes in the store. To solve this issue, Kesko has managed central warehouses' shelves in the same order with store shelves, so that the process of putting products on shelves are reduced (Finne & Kokkonen 2005, 316-317).

In each store, the aid of software is involved in managing stock, balancing product demand and pricing. According to Thang Do (2016), this software gathers stock information throughout different K-store chains, then analyze and provide information about best-seller, low in stock or high inventory products. The store managers can decide accordingly which product needs to be discounted, which products should be stocked up or which ones should be sent back to the wholesaler. This information system works seamlessly to prevent any waste, high inventory or shortage of products.

About the Vietnamese case company, such information system is not available yet. Since the customer base is stable while the demands for organic and highly-controlled grocery products is greater than the supply, T&T 159 meets no problems of products overdue or high inventory. Currently the company relies on its own logistics

system, taking advantage of the proximity between Hoa Binh and Hanoi, and delivering products directly from the farm to its retail stores. However, the company needs to improve its productivity and increase output so that the business could be expanded and open more retail stores to meet customers' needs.

To counteract these problems, Mr. Manh Do told that the company is working in collaboration with local government for better capital and resources support. At the early stage of the 150 ha farm in Hoa Binh, the local government has given support to T&T 159 by opening a power station nearby to generate electricity for the production. The operation of the farm also helps create jobs for local employees. Instead of working as independent households with low negotiating power with merchandisers, farmers in the neighborhood are offered to work in T&T 159 farm and learned close and industrial agricultural production.

The company plan for the next five years is to expand its farming area for higher output rate and in order to do so, continuing communication and collaboration with local government as well as local farmers are the best way to find mutual solution.

4.3.4 Risk management

Kesko issues a risk management policy to ensure its performance, responsible operating practices and the continuity of its business. This policy is based on the COSO-ERM framework and the SFS-ISO 31000 risk management standard, which set out goals, principles, organizations, and practices for corporates to overcome risks.

The main risk management principles of Kesko (Kesko.fi, [Ref. 14 August 2016]) are:

- Objectives are set on a basis of related business opportunities and risks.
- The impacts on people, the environment and reputation are assessed in addition to financial impacts.
- Reducing operational and damage/loss risks.
- Ensuring a safe shopping environment and product safety for customers.
- Creating a safe working environment for all employees.

- Minimizing the opportunities for crime or malpractice.
- Securing critical operations and the resources needed to ensure continuity.
- Preparing beforehand for crisis management, continuity and recovery plans, plan implementation testing and sufficient insurance cover
- Maintaining risk management costs and resources in proportion to the obtainable benefits.
- Providing information on risks and risk management to stakeholders in accordance with Kesko's corporate governance principles.

As previously stated, Kesko follows a series of standards and certificates to monitor its suppliers. Some to name are Evira's certificates, SA 8000 certificates. It follows BSCI auditing system strictly in the supplier selection process.

In order to monitor supplier's environmental quality, products' physical quality, and product safety, Kesko implements systematic auditing basing on ILO conventions and the SA 8000 standards. At the moment Kesko's buyers are trained to follow the Business Social Compliance Initiative (BSCI) auditing process. They are provided with Kesko's internal handbook with detailed instruction to improve its suppliers' working conditions. Kesko's supplier data is maintained in the common BSCI data-bank by its personnel in purchasing units. This process is illustrated in figure 16 below:

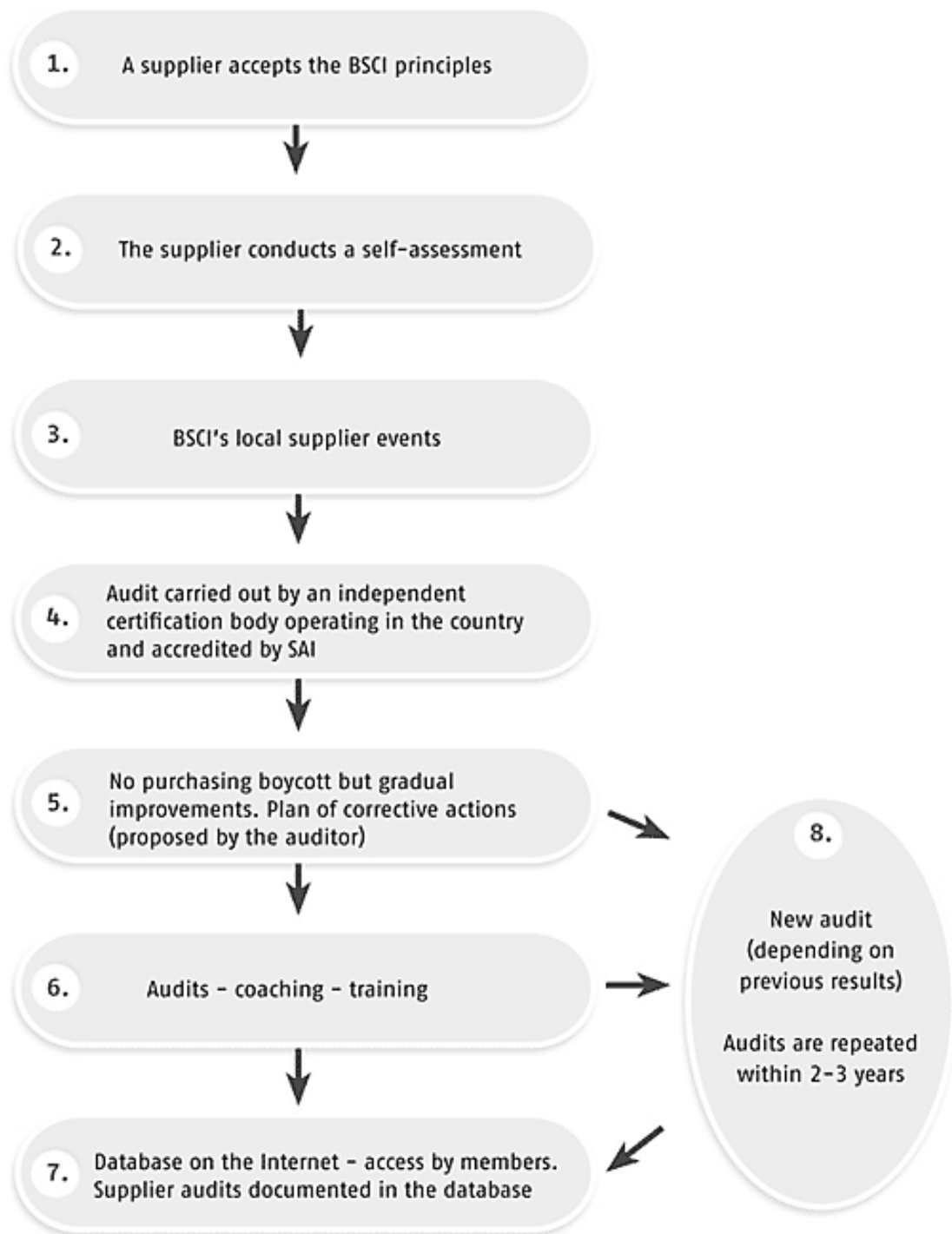


Figure 17. BSCI auditing process (kesko.fi, [Ref. 14 August 2016]).

Following this auditing system, Kesko has reduced direct imports from high-risk countries. Also the number of Kesko's fair trade products is growing constantly.

T&T 159 is now following SA 8000 and working with Vietnam Certification Center Quacert for proofs of its products' standards and certification. T&T 159 products are

certified with Vietnamese Good Agricultural Product (VietGap) and Global Good Agricultural Practices (Global G.A.P). The company is now following the ISO 14000 and ISO 22000 standards in its purchasing and producing processes. Giving his opinion on this matter, Mr. Manh Do (2016) said that Vietnamese consumers are now more aware of international standards and certifications. Especially since there are news that products from the wet markets have unclear origin, are cultivated on contaminated soil or water or contain high level of chemical compounds, the consumers count on reliable grocery stores with implication of food safety and hygiene standards.

Currently T&T 159 has not defined a risk management guideline yet. Mr. Manh Do realizes the main risks his company might face are financial risks. He, however, is confident that with the government's support, the profitability and feasibility of his project and potential growth, the chance of risk is low. Also, since the number of investors are low and they are in his circle of acquaintances, he strongly believes in their commitments and continuous involvement.

4.3.5 Proactivity

Kesko is now working proactively to reduce waste and engage in sustainable practices in its retail chains. Even though the company said that its stores donate most of their expired food product to charity, there is a few evidence or exact data from the company. As in the interviewed K-stores in Seinajoki, expired food products are sorted out and thrown away to the dumpsters.

In its store operation, Kesko commits to reduce waste and carbon footprints. All K-stores opened from 2008 are installed with refrigerators with glass doors and lids to reduce emission during the cooling process. About the interviewed stores in Seinajoki, all are equipped with chest refrigerators and freezers with glass lids. As all grocery store in Finland, there is a recycle section in K-stores and nylon bags at check-out are charged.

The loyal card proves to be a good way for Kesko to maintain customer relationship. The K-ruoka app helps customers keep track of their frequent purchase and put up

their shopping list at K-stores. The two tools are a smart way to gather customer data, which helps predict customer's shopping trends and preference and assists Kesko in its stocking and product development activity.

As mentioned earlier, T&T 159 currently does not meet the problem of food waste since product inventory holding rate is low. However, the store chain meets the existing problems of all food retailers in Vietnam in reducing environmental impacts. That is the habit of using nylon bags heavily among the consumers and retailers often provide purchase with free nylon bag. Also, there is no recycle sector seen in Vietnamese retailers.

Still it is necessary to recognize T&T 159's effort in promoting green behaviors and product education to its consumers. All store employees are trained to provide customers with information about the production, benefits and nutritious value of the product. On the online grocery store dicho159.vn (the domain name literally means "grocery shopping" in Vietnamese), customers can find detailed information of every product as well as related cooking recipes.

4.4 Results and recommendations

First of all, the research have pointed out the differences between Vietnam's and Finland's grocery retail market. While Finnish grocery retail market is almost saturated with a few main players, Vietnamese grocery retail market is still developing with many new penetrating investors.

Another highlight is the difference in law and regulation. Finnish retailers are operating under strict law and regulations, competition is controlled and conditioned by the government. Vietnamese retailers, on the other hand, are quite flexible and free to operate, and have to concentrate mostly on product safety.

An important factor that leads to the difference between the two case companies is consumer behavior. Finnish consumers have high awareness of product safety and prioritize local products. Vietnamese consumer behavior is now changing from being price sensitive to putting quality and safety on top. Their habit of reading product information is developing due to the prevailing of supermarkets over wet markets.

These main differences in the research environment have explained for the comparison between grocery retails in the two research countries. Kesko's grocery retail chain has been following the K-store concept, which is already a concrete and well-developed guideline. It can be seen from the interviews in Finland that the independent store owners merely have to manage basic stocking documents with local suppliers and Kesko's wholesaler. They only have frequently food inspection from Evira for product at their stores, the previous procedure of most of their products are taken care by the group.

As T&T 159 manages retailing activities in its 8 stores, their resources are scattered. The concept is under developed and store display varies so differences among the stores could be seen.

In essence, the research problem of investigating the sustainability of Kesko's grocery retail chain is solved. SSCM practices from Kesko could be drawn out as:

- Orientation towards sustainability and supply chain management is clearly set from the company's value and mission and stemmed from the mindset of the management. Clear, pragmatic and detailed objectives in short and mid-terms are defined for action.
- Continuity in partner relationship is more than trust, but is put into agenda. The selection of supplier follows clear guidelines and is based on mutual standards.
- Collaboration is eased with the central logistics and information management system. Besides, Kesko not only responses to customers' shopping trends and preference, but also involved in shaping their shopping patterns and influencing their sustainable habits.
- Risk management by standardized system.
- Proactivity is seen in Kesko's measures to reduce waste and carbon footprints in its retail stores.

Despite the differences in organization and operating environment, T&T 159 can learn from Kesko's practices and apply to its retail chain.

First and foremost, a guideline and action plan regarding SSCM should be created. Since T&T 159 claims to produce green products in a sustainable procedure, it needs to prove it and show its commitment as well as orientation towards sustainability in detailed. Also by this way, company's further plan is steered correctly and any dilemma or malpractice is avoided.

Secondly, a purchasing guidelines and criteria for supplier selection should be stated. Currently T&T 159 is confident with its short list of suppliers and relies on its own close production. However, the store expansion and increase of product assortment inevitably involve more suppliers and the company should prepare beforehand a set of requirements to assure systematic purchasing.

Thirdly, T&T 159 should engage information technology deeper in its management. Apparently, the utilization of information technology helps facilitate performance in all K-stores. The software-aided system manages stock and inventory, through which store owners can make in-time decisions on discount and promotional product and reduce waste and operational costs.

Risk management is another important aspect in T&T 159's SSCM plan. The company currently has no risk management plan. However, certain risks are foreseen as capital raising, inventory and product stocking, the overall impacts of climate change on agricultural activities as well as risks passed along the supply chain. To overcome and prepare itself for any fluctuation, the company should consider a set of risk management principles in Vietnamese context. Also a concrete auditing system would benefit the company in long run.

Learning from Kesko, T&T 159 could put SSCM in practice in its store operation. For instance, shelf organizing in inventory should be in the same order as in store to reduce on-site logistics cost. Energy saving light bulb, freezers and refrigerators with glass lids and a bottle recycle section should be installed. Along with that, T&T 159 could pioneer in changing customer behavior. Disposable bags should be used at store and nylon bags should be charged at cashier. Changing Vietnamese's heavy use of nylon bag has been on NGO's and active groups' agenda for years but no initiative has been seen from retailer side. By taking the move, T&T 159 could

receive attention and support from general public and stand out among other retailers.

Last but not least, T&T 159 should improve its logistics management as it is a crucial part in store expansion. At the moment, the chain is enjoying a low-cost logistics system by delivering directly from its farm to stores in Hanoi. Soon the retailing activities will be expanded to other provinces and cities and T&T 159's own transportation proves to be inadequate, not assuring in-time delivery, additional order as well as product preservation condition. Outsourcing from a third party is necessary to minimize the burden, but still it's the company's warehousing system that matters. By sorting out product's logistics channel by their origins and keeping stock in main warehouse and local terminals, T&T 159 could assure product availability as well as preservation conditions in each store.

During the course of the thesis writing and with suggestion by the supervisor, further insights for the SSCM matter are explored. Finland has been recognized in recent years by its aggressive initiatives toward sustainability, however, some malpractices are still witnessed. Product packaging for long has been blamed for having an impact on consumer's behavior as well as the environment. Setting aside consumer's preference and nutrition requirement, snack bags in Finland, for instance, are twice sized bigger than those in Vietnamese market. Rather being what seems to be a bargain for consumers and saving of packaging cost from manufacturer side, big snack bag's content is often wasted.

This again brings in the role of product packaging design. A recent study by Stora Enso (2016, x) summarizes key considerations in packaging solution: sales effect, price, indirect handling cost, and sustainability aspects. According to that, the company implies a series of solutions for packaging intelligence. Some to name are surface coating to prolong fresh food product's shelf life, radio-frequency identification (RFID) utilizing to improve control and efficiency in logistics, or sensors using to keep track of product handling and shelf life.

Packaging nowadays is not only to serve the sole purpose of containment and attracting consumers. It is indeed the most direct and efficient way a producer can

send messages to consumers. Packages which are smartly designed, made of recycled or recyclable material, and tailored in thorough research of consumer's behavior and buying pattern will be a strong statement of companies towards sustainability and social responsibilities.

5 CONCLUSION AND SUMMARY

This section will revisit the research questions and evaluate how the questions have been answered. The author will review the whole course of thesis writing and assess the usefulness of the recommendations, and the thesis' validity and reliability. She also reflects on what she has learned, what she has applied during the whole process as well as what should have been done differently. Finally, suggestions for future research will be given.

5.1 Usefulness of the recommendations

The findings of the research interests Mr. Manh Do. He realizes the difference between the two markets and the consumer base. At the moment, most grocery retailers in Vietnam focus on sales activities and in order to do so, they look majorly in increasing mass product assortment and invest in marketing. T&T 159 wants to stand out of the pool by its organic product line and green production. It embarks on developing slowly but steadily.

Since Vietnam's retail market is unsaturated and underdeveloped, Mr. Manh Do admits Vietnamese retailers' main struggles are legislation framework for retailers, a series of questionable requirements and standards and loopholes in government's management. This circumstance is not only a challenge, but also an opportunity for his company to gain recognition.

In order to embed SSCM in its operation, SSCM should no longer be an idea from top management, but actualize in a written guidelines and criteria. Again, he is aware of the importance of involving the stakeholders into play, a lesson he has learned right from the early days of T&T 159. Businessmen like him could not only influence consumer's lifestyle and shopping behavior, but also report for legal grits and enhance his social working environment.

5.2 Reliability

The interviews with Kesko staffs in Finland exposed a struggle of the data collection. Since Kesko's SSCM is implemented from the top level, most information about its practices could be found online on the corporate's website. The interviewees just provided more insights about their local stores and referred to the website afterward. As most information came from Kesko source rather than independent research, the study unavoidably met some biases and certain limitation.

Also, since both interviews in Finland were taken in Seinajoki, there comes the questions about practices in other cities in Finland. For instance, retailer's food waste has been donated for local charity and recycling in Espoo and in many other cities but not evident in Seinajoki. Research in only one city inevitably exposes the limitation when generalizing to the group's practices countrywide.

These shortages could have been overcome if more data from independent researches, and opinions from experts in SSCM and retails could be collected. Despite the lack of generalization, this research could be conducted in other cities in Finland to add more depth and avoid bias for the topic.

5.3 Validity

The thesis study looks into grocery retail in Finland and Vietnam, and takes a case study from each of which. As mentioned earlier, the limitation of generalization is unavoidable since only two Kesko's retail stores in Seinajoki were investigated, and leads to the questions of validity:

- How valid is this study when generalized to all Kesko's retail stores as well as all retail chains in Finland?
- Could this study be generalized to all retailers in Finland/Scandinavia/Europe?
- Could it be applied to other industries, for example, fast moving consumer goods (FMCGs)?

The subsections 3.1 and 4.2 have pointed out some common characteristics of Finland's grocery retail sector and Kesko as a representative, most notably the centralization of concepts, procurement, and logistics. Kesko's K-store concept is deployed nationwide with slight adjustment to fit the locals. Therefore, other studies in Finnish retail industry could still pick up information about the country, industry, consumer's behavior, and SSCM practices in retails from this thesis. It could be served as a reflection point to compare with other retail chains in Finland or retail chains in other countries. However, Finland's unique characteristic of retail sector makes it insufficient and difficult to generalize to the Scandinavian region or Europe.

One important section of this study is research environment, in which difference in grocery retail market and consumer's behaviors have been brought out. Other industry which shares the same characteristics could find this study helpful. Otherwise, variation in socio-demographical and cultural factors should be taken into account when comparing to practices in other countries.

5.4 Reflection

In the course of writing this thesis, the author has strongly emerged her researching skills. Since the main workload is heavy under a short amount of time (3 months), she had to manage time and resources effectively.

She has thrived to delve in SSCM, a new field of research, learned systematically and enriched her knowledge about retail, supply chain management, and sustainability.

She has also conducted the empirical research in the form of interview. From this experience, she learned more about professional and academic working manner. Also, it is a good chance for her to train her soft skills such as communicating, presenting and other interpersonal skills.

5.5 Future research

First of all, researchers who are interested in SSCM practices of Finland's grocery retail could extend this study to other cities or other retail chains in Finland to enrich the data pool, support or argue against this study.

As greenlit by Mr. Manh Do, the niche for organic and green product in Vietnam is emerging but no scientific research related to this field is available. "Penetrating organic and green product market in Vietnam" could be a feasible market research for investors interested in this niche.

From this study, further researches about implementing sustainability in Vietnam's grocery retail store or developing SSCM practices in Vietnam should be taken to raise awareness about the field, and prepare retailers and SSCM practitioner in time with proper understandings.

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APPENDICES

APPENDIX 1. Interview questions

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General information questions:

- Could you please introduce about yourself and your company?
- How do you assess your company's position in the market?
- How well do you know about your company's supply chain management?
- How do you familiarize yourself with the “sustainability” trend?

About the market:

- What do you think about the competition in food retailing sector in Finland/Vietnam in recent years?
- What are the characteristics of Finnish/Vietnamese customers in grocery shopping?
- How do you assess Finnish/Vietnamese customers' awareness in product origin, food safety and sustainability in general?

About sustainable supply chain management:

- What is the main guideline your company use to manage its suppliers and supply chain?
- How does your company control product quality along its supply chain?
- What kind of technical standards is your company following?
- What are the main ecological issues your company meets along the supply chain?
- What has your company been doing in order to overcome these issues?
- What is your company's safety and welfare policy for employees?
- How has your company been engaging stakeholders in the business?
- What are the advantages and disadvantages of implementing sustainable supply chain management in your company?

- What is your recommendation for a new company in implementing SSCM (For Kesko interviewee only)

In your opinion, what do you think that should be done to improve your store(s)'s sustainability (about the suppliers, the working environment, etc.)?